



As the deputy secretary, you are pivotal to your agency's success. You are taking on a critical leadership role in your organization, and across government, by driving the vision, mission and priorities of the administration and the secretary, and making sure the agency is able to implement them. This guide outlines the best practices and actions you should consider on day one and over the course of your first two weeks. It contains the immediate tactical, operational and strategic actions you will need to take to hit the ground running.

There will be:

- Expectations—of your leadership role
- Strategic priorities—of the agency and administration, which should guide where you spend your time
- Immediate decisions—on budget and critical missionsupport functions and systems
- Ethics requirements—including completing training, compliance and review(s)
- Meeting people—from your frontline staff and people in agency headquarters to staff in regional and field offices as well as other stakeholders
- Lessons—from former deputy secretaries' experiences

This guide covers:

- What you need to know and do
- · Whom you need to meet
- What you need to communicate
- How you might do this

BEING THE DEPUTY SECRETARY

As the deputy secretary, you most likely will assume the role of chief operating officer of a large and complex government organization.\(^1\) You likely will be responsible for aligning the agency's mission with its management and critical support functions (such as budget and finance, acquisition and procurement, information technology and human capital) and working with your counterparts in other agencies to implement the administration's policy and management agenda.\(^2\)

As the deputy secretary, you are uniquely positioned to promote performance, innovation and informed decision-making within the agency and across the government enterprise. You have the opportunity to drive collaboration across agencies and apply enterprise solutions that will affect your agency and government as a whole. For example, you can foster innovative practices at your agency by encouraging and rewarding risk taking among your staff; adopt new technologies to consolidate and

streamline duplicative mission-support functions; and use performance measures to monitor agency progress toward major program and policy goals. You can also provide leadership on major management challenges that aren't limited to a single agency, by going through the President's Management Council, which aims to improve coordination and collaboration across agencies on government-wide management challenges.

From day one, your focus will be on establishing your role and getting to know your people as well as understanding the secretary's strategic vision, and the agency's mission and key operational issues. You will deal with important, urgent and often unforeseen matters that will affect where you spend your time and energy, and you may be required to manage crises on behalf of your secretary. You also will need to stay focused on the longer term strategic agenda of the agency and administration.

"The federal government's chief operating officers are the top leaders responsible for ensuring that these complex organizations are well-managed and operating effectively to execute their programs and achieve their goals. When they are successful, their agencies can accomplish amazing things."³

"Many management challenges, such as improving customer service or preventing cyber-attacks, cross traditional agency boundaries and cannot be solved by individual agencies. These challenges require a government-wide approach...To improve interagency collaboration, COOs serve on the President's Management Council and help execute the president's management agenda."

¹ The COO role is established in law in the Government Performance and Results Modernization Act of 2010 (GPRAMA). In some agencies, the secretary and deputy secretary will adopt a "shadow secretary" approach to the deputy secretary role, which emphasizes the policy role over the chief operating role, as outlined in GPRAMA.

² OMB's A-1113 (2014) further clarifies COO responsibilities regarding performance management

³ Partnership for Public Service and Booz Allen Hamilton, Bridging Mission and Management: A Survey of Government Chief Operating Officers, June 2015, 4. Available at http://bit.ly/2m9Pnhb

⁴ Ibid, 25

Tactical issues that demand your immediate attention could include:

- Major stories in the mainstream (or social) media that may require an official response
- Pending inspector general and other investigations, HR and union issues, and Government Accountability Office reports
- Regulations attracting attention from stakeholder groups and the media
- Major court cases affecting the agency, directly or indirectly
- Imminent congressional hearings and legislative proposals, and significant budget issues
- Direction from, and liaising with, the White House

Significant operational issues that need to be addressed may include:

- Any major mission-support challenges in administrative functions such as budget, finance and HR systems; acquisition and procurement processes; or information technology, workforce and human capital issues that include performance shortfalls, service interruptions or delays, and results from employee-engagement surveys
- The status of major acquisitions (or their implementation) that may come under IG or congressional scrutiny regarding cost, schedule and functionality
- Working with your secretary to ascertain your COO duties
- Work with your chief of staff and the secretary's to determine the responsibilities of your "front office"—which comprises the secretary, his or her chief of staff and you
- Governance processes in your agency

Strategic issues that need decisions in the short term may include:

- Major program and policy initiatives from the previous administration that are at a critical implementation stage
- The status of the fiscal 2017 and fiscal 2018 budget submissions and their effect on your agency's priorities and performance
- Your agency's strategic plan and performance metrics measuring progress against stated outcomes, including relevant cross-agency priority goals
- Congressional requirements such as testimony, budget submissions and pending legislation

Your agency's political appointee team will not all be in place on your first day, or potentially even in your first several weeks or months. Accordingly, it will be critical to build relationships, trust and rapport with the career officials acting in these roles—not just because they will be available to support you until your entire political contingent is confirmed and on the job but because you will need their buy-in and support to succeed.

Key relationships include:

- Senior career executives in critical positions⁵
- The Office of Presidential Personnel staff as you assemble your team of political appointees, in coordination with your secretary, chief of staff and the White House liaison, who will keep you connected on a day-to-day basis
- White House senior staff, including the chief of staff, senior advisors and stakeholders such as business leaders, interest groups and associations
- Your personal office and immediate support staff, and your direct reports, such as your chief financial, human capital, technology and information officers, and assistant secretaries for program area

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In preparation for potential gaps between the exit and onboarding of senior political appointees between administrations, agency heads are required to identify qualified career employees to serve in critical noncareer positions in an acting capacity if a position becomes vacant. These "acting officers" were identified as of September 15, 2016, in accordance with the Federal Vacancies Reform Act (VRA).

BEST PRACTICES

PEOPLE AND ISSUES



Understand and help shape the administration and your secretary's vision and priorities for your agency. This will inform discussions with your secretary about your role (see below), including how you will drive the administration's policy and program goals, and support the agency's operations, including day-to-day program delivery and mission-support functions.



Get clarity on what your secretary expects of you in your role as chief operating officer, including what you will have direct responsibility for, how this supports the secretary's role and what immediate issues you will be responsible for:

- As a COO, you will set policy, lead high-profile programs and initiatives, deal with external stake-holders, oversee organizational operations management and serve as the secretary's alter ego
- While the GPRA Modernization Act of 2010 establishes the chief operating officer role, some deputy secretary roles have focused more on policy than management

Note: While much of the COO role is described in law, each secretary and deputy secretary (or agency equivalent) could tailor the role to their skills, experience and personality



Establish trust and rapport with the career leadership. These leaders have significant institutional knowledge of the agency, what has worked and what hasn't, the key issues, and the policies and programs that will be crucial to your ability to deliver on the agency's mission. Many career officials will have been acting in critical leadership positions while new political appointees were being confirmed. They will help accelerate your understanding of:

- Informal organizational structures and relationships in the agency and across government, including with Capitol Hill and the media
- Significant legislation, litigation and other hot topics you may be required to respond to immediately
- ➤ Key stakeholders and interest groups you will need to reach out to in your first two weeks



Communicate early and often. Be highly visible, engaged and candid with the agency's workforce, including regional administrators and field staff. Making it a priority to learn about how your agency operates and its structure, core business and stakeholders, will enable you to build rapport with and support from the teams responsible for executing policies and programs, even when you need to make difficult or unpopular decisions.



Understand and be prepared to drive your agency's budget priorities as outlined in the fiscal 2017 and fiscal 2018 budgets, and recognize how this will affect the agency's priorities and your role in your organization's budget-related activity. While this may require a significant amount of your time in your first two weeks, it will be critical in shaping what the agency can and can't do for years to come.



Understand employee engagement and human capital at your agency including any skills gaps, needs of the SES cohort and overall attrition, and establish agency employee-engagement priorities. Current and past Federal Employee Viewpoint Surveys and other key human capital indicators (e.g. attrition, retention and critical skill gaps) can provide insights to inform these priorities.



Speak with past deputy secretaries who were successful in the role and ask:

- ➤ What challenges they faced on their first day and first two weeks
- → How they approached their discussion with the secretary about their role as the agency's COO
- → How they built productive working relationships with the agency's career staff

Note: The Partnership for Public Service will be able to assist you in connecting with former deputy secretaries.

STRUCTURES, SYSTEMS AND PROCESSES



Seek the expertise of your agency's chief human capital, IT, finance, procurement and acquisition officers, and chief management officers, to understand the key issues that will affect policy implementation and agency operations. It is critical to establish these relationships early to acquire institutional knowledge and strengthen the sustainability of operations from the beginning.

Note: In some agencies the chief management officer will be the assistant secretary for administration and management. In others, it will be the under secretary for management.



Define and develop roles, responsibilities and procedures so you can establish from the beginning how the front office (secretary, secretary's chief of staff and you) will run the agency. Communicate this clearly to the political and career heads of your agency's divisions.



Get to know and establish trusting relationships with "center of government" personnel and organizations that will help advance your secretary's agenda. Start by familiarizing yourself with existing processes to determine how you will use them. Key personnel and organizations include:

- White House senior advisors
- Key Office of Management and Budget officials and career staff
- OMB's deputy director for management, chief financial officer and the Office of Federal Procurement Policy
- Policy and management councils



Prepare to be an active participant in the President's Management Council, which you are a member of, to gather intelligence, build cross-agency relationships and gain an understanding of government-wide management challenges and the administration's management agenda. PMC attendance is critical if you are to fulfill the GPRA Modernization Act requirements that hold you accountable for achieving specific cross agency priority goals.

⁶ The PMC comprises the Chief Operating Officers of major Federal Government agencies, primarily Deputy Secretaries, Deputy Administrators, and agency heads from GSA and OPM and is chaired by the Deputy Director of OMB. Further information about the PMC and other management councils can be sourced from GSA (http://bit.ly/2lmovek_). Historically, PMC commence once the deputy director for management is in place.

ACTION CHECKLIST: DAY ONE

Meet with your secretary (along with the secretary's chief of staff) to discuss:

PEOPLE AND ISSUES

- His or her expectations (and yours) of you and your role in setting policy, leading mission-critical priorities, directly managing agency functions and systems down through the chain of command, and overseeing key internal and external stakeholders
 - You should consider developing a set of expectations that guide how your role aligns with the secretary's.
 You may also wish to do this with your team.
- Decisions on urgent issues that you and the secretary have identified, such as critical IG and GAO investigations requiring action and any items on the GAO high-risk list
- Methods for how the two of you and other trusted advisors will communicate internally and externally on issues, including those that arise unexpectedly, including with the press
- The status of and plans for filling vacant political positions
- Major issues that provide opportunities for cross-agency collaboration and existing initiatives and resources that support an enterprise approach

STRUCTURES, SYSTEMS, AND PROCESSES

- Preparation for any briefings with the White House that you and/or your secretary will attend
- Your participation in policy and management council meetings, including the PMC
- The frequency of your meetings with the secretary, as well as with the agency's senior political leadership team and, wherever possible, senior career executives, to get their insights and build support for the secretary's (and administration's) priorities
- The roles, procedures and responsibilities of the front office and division heads; once established, communicate these to the rest of the agency to bring structure and order to the influx of issues, documents and requests you will face from day one

Note: It is critical you begin discussions on these issues on the first day. It is unlikely you will get through all recommended discussion issues, but those that arise on day one should form the basis of ongoing discussions with your secretary throughout your first two weeks and beyond.

Meet with the political and career leadership at headquarters and office levels (or acting designees) to) :
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- Communicate the respective roles, procedures and responsibilities of the front office and your expectations of your direct reports
- Get briefed on the critical and immediate issues you will need to make decisions about including immediate agency human resources, technology, budget, acquisition and other management and operational issues
- Prepare for the unexpected (with your secretary, his or her chief of staff, your chief of staff and other subject matter experts, as required) on your first day(s):
 - You may be required, in place of your secretary, to attend White House briefings or external speaking engagements, respond to reporters or social media, or address urgent issues and adverse publicity, so build time in your calendar for these contingencies

- Have a list of key agency and White House personnel on hand that includes the chiefs and deputy chiefs
 of staff to the president and vice president, the White House cabinet secretary and communications staff,
 reporters and media outlets covering your agency's programs
- Prepare for calls and face-to-face meetings with key stakeholders, including business leaders, nongovernmental entities, interest groups, associations, union leaders and other relevant leaders across agencies as well as state, local and tribal governments, who will be involved in the issues you have responsibility for.
- As part of your efforts to familiarize yourself with the budget, meet with your secretary, chief financial officer, OMB senior budget team, the assistant secretary for congressional affairs and any other experts, to discuss immediate fiscal budget issues relevant to your agency and your role in addressing them, including:
 - The impact of the fiscal 2017 budget, the debt ceiling increase (deadline: March 16, 2017) and hiring freeze implications on the agency's priorities and core business
 - The fiscal 2018 budget development status, including discretionary funding for election commitments and other agency priorities
 - Other critical and immediate budget-related decisions that you, the secretary and the CFO might need to make
- Have your office schedule meetings with your chief officers (referred to as "CXOs") to:
 - Understand the key agency workforce, technology, acquisition, finance and other issues you will need to address in your first days and weeks
 - Prepare for any White House staff briefings and policy and/or management council meetings that day and in the coming week(s)

Note: You should establish a regular schedule of meetings with your chief officers, individually and as a team, to discuss program performance, mission priorities, risk management and the operational status of functional systems. One-on-one meeting issues are outlined in your "first two weeks" below, with the exception of the CIO, given the importance of cybersecurity.

- Meet with your technology team including your **chief information officer, chief technology officer and/or chief information security officer** so they can brief you on any immediate decisions that need to be made, including in relation to:
 - The status of cybersecurity systems and programs in the agency and its divisions, and opportunities to drive change
 - The organization of IT in the agency and its divisions, IT spending, staffing and performance issues
 - The agency's performance under the Federal Information Technology Acquisition Reform Act (FITARA)
 Note: You may wish to invite your secretary and his or her chief of staff to this initial briefing. You should also seek the views of your agency's IG, the GAO and the White House CIO on these issues.
- Send an all-agency message to the agency introducing yourself. Include your background, leadership vision and what you hope to achieve in your first 100 days. This will help you connect with staff as they get to know you, your priorities and expectations.

ACTION CHECKLIST: FIRST TWO WEEKS

* Activities designated should be prioritized for the first week

* Meet agency staff at headquarters through planned walkarounds, going to areas where many agency staff congregate (e.g. the cafeteria or the building entrance)
* Plan corporate communications to convey to staff from the beginning what you want done and why. For example, you may preface your discussions with agency staff (at headquarters and in field/regional offices) that you will be spending time over your first few weeks to listen and learn about the agency's people, programs and other priorities.
* Set a timetable for visiting field/regional offices and their staff:
➤ Learn about their priorities and programs and how they connect to and support the agency and administration's priorities
 Build on communication that has occurred between the secretary and regional administrators
* Get briefed by your designated agency ethics officer (if not done prior to confirmation)
* Develop a strategic calendar, informed by your discussions with the secretary, so you don't lose sight of what's important when urgent matters arise
* Meet with your chief management official (i.e. the under secretary for management or assistant secretary for management) to:
 Discuss the roles and responsibilities for agency management and operations, and to clarify your respective roles and how you will work together
 Determine how you will assess the capabilities of the agency and its divisions; this assessment should cover security, procurement, budget execution, strategic planning and performance management.
 Establish a corporate-level risk-management system to validate and analyze performance data and develop plans to manage identified risk
 Discuss the development of performance-management systems so they align with and inform decision-making (as a staff-driven organization)
* Meet with your chief human capital officer to get briefed on immediate decisions that need to be made, including in relation to:
The workforce and talent profile, including for your Senior Executive Service—which should take into account the most recent request to OPM for additional SES positions, recruitment strategies, the number of SES vacancies and SES rotation plans
The demographics (e.g. retirement eligibility and diversity), location and comparative workloads of all federal agency and contract staff

The organization of HR in the agency and its subcomponents

The agency's employee engagement score, attrition rate and hiring freeze plans

* Meet with your chief financial officer to get briefed on immediate decisions that need to be made, including in relation to: The status and governance of the working capital fund (where applicable) and if it is adequate to support agency operations The availability of funds to advance agency priorities and programs Status of audits, budget execution and any significant shortfalls * Meet with your chief acquisition officer or chief procurement officer to get briefed on immediate decisions that need to be made, including in relation to: The major contracts that exist in the organization Major contracts that will be up for renewal in the first six months of your term Meet with your agency's inspector general to understand issues the IG identifies as relevant to your responsibilities, and that need to be addressed Note: You should coordinate this meeting with your secretary, who may already have met with your agency's IG (if in place) Call the deputy director for management at OMB to introduce yourself and discuss: The White House's management priorities Your responsibilities for overseeing mission-support functions and integrating management reforms with program and policy goals Priorities and challenges for enterprise-wide mission-support functions (human capital, technology, acquisition, financial management, and budgeting and performance management) Best practices for interagency and intergovernmental coordination Expectations for how to strengthen government management performance and implement management priorities Issues that will be covered at your first PMC meeting Strategic planning and cross-agency priority goals (if in place) Call the deputy director for budget at OMB to introduce yourself and discuss: The White House's budget priorities Key opportunities and challenges relating to your agency's immediate and future budget priorities Enterprise-wide issues that will affect your agency's operation in the immediate and longer term

The interaction and coordination between the budget and management branches

Any concerns you might have about available funding for policy and program priorities for future budget cycles

RESOURCES

- A Guide for Incoming Cabinet Secretaries: http://bit.ly/2l8MSMn
- Bridging Mission and Management: A Survey of Government Chief Operation Officers: http://bit.ly/2m9Pnhb
- Position descriptions for top leadership positions government-wide: http://bit.ly/2fVkl3i
- Federal agency profiles including technology and workforce snapshots for each CFO Act agency: http://bit.ly/2iwxowl
- Best Places to Work in the Federal Government rankings and analysis: http://bit.ly/163rxrO
- Government Performance and Results Modernization Act of 2010 (GPRMA): http://bit.ly/2m4gObY
- 2017 High Risk List prepared by the Government Accountability Office (GAO): http://bit.ly/1KxYxXW
- GAO Report outlining the chief operating concept: http://bit.ly/2lTjvLi
- Office of Management and Budget reform recommendations: http://bit.ly/2jaifl0
- Center of Government concept map: http://bit.ly/2iWoSd4

Other resources are available on the Center for Presidential Transition's digital platform, including the calendars from former secretaries that list their activities during their first weeks and months following the 2008 general election: presidentialtransition.org



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(202) 775-9111 ourpublicservice.org CFC #12110 For over 15 years, the nonpartisan, nonprofit Partnership for Public Service has been dedicated to making the federal government more effective for the American people. We work across administrations to help transform the way government operates by increasing collaboration, accountability, efficiency and innovation. The Partnership's Center for Presidential Transition is designed to help presidential candidates navigate the transition process, prepare political appointees to lead effectively and work with the outgoing administration to encourage a smooth transfer of power. Visit ourpublicservice.org to learn more.

A GUIDE FOR INCOMING CABINET SECRETARIES

As secretary you will assume the leadership of all employees in your agency and lead implementation of the administration's priorities.

This guide outlines best practices and key actions to take on day one and in your first two weeks to support a meaningful orientation and increase effectiveness. It covers:

- ✓ What you need to know
- ✓ Whom you need to meet
- ✓ What you need to communicate

From day one, your focus will be on establishing and communicating your vision, mission, priorities and key issues:

- Across your agency, including regional and field staff
- Directly to your leadership team, including agency career staff in critical positions!
- With key stakeholders, including business leaders, members of Congress, White House personnel and others involved in issues critical to your agency

Your political appointees will not all be in place on your first day, in your first weeks or even, potentially, in your first several months. Accordingly, career officials acting in these roles ("acting designees") will be available to support you until your entire political contingent is confirmed and on the job.

¹ In preparation for potential gaps between the exit and onboarding of senior political appointees between administrations, agency heads are required to identify qualified career employees to serve in critical noncareer positions in an acting capacity if a position becomes vacant. These "acting officers" were identified as of September 15, 2016, in accordance with the Vacancy Reform Act (VRA).

BEST PRACTICES

PEOPLE AND ISSUES



Identify subject matter experts, leaders and influencers who have deep institutional knowledge of your agency's administrative structure and seek briefings from them on the immediate issues, challenges and actions you will need to take.



Understand your agency's budget priorities as outlined in the fiscal 2017 and fiscal 2018 budgets, and the implications of the deadline to raise the debt ceiling, the expiration of the continuing resolution, and sequestration.



Establish relationships with your leadership team and build a trusted group of advisors, including political appointees and senior career civil servants. They will provide you with critical insights and institutional knowledge to inform your decisions.



Do not rely exclusively on written briefing materials as they are intended to frame, not replace, ongoing discussions with your leadership team. In-person briefings will give you more context on specific issues.



Be highly visible and meet your agency's workforce, including regional and field staff, so you engage with the people who will be critical in carrying out your agency's mission.



Communicate early and often:

- With the White House—about the president's priorities, alerting them to any urgent agency-related issues that arise, and responding quickly
- With your staff—about your goals and expectations, so they understand your vision and what you want to accomplish for the short and longer term
- With key stakeholders—who could impact your agency's priorities, operations and core business

STRUCTURES, SYSTEMS AND PROCESSES



Define and develop roles, responsibilities and procedures so you can establish from the beginning how your front office will run; be clear about what you expect from your team, including your deputy secretary and chief of staff (or acting designees); and communicate this to your agency, including the heads of your agency divisions.

Note: The front office refers explicitly to the secretary, deputy secretary and chief of staff roles.



Establish clear and open channels throughout your agency to communicate with all agency personnel, including career and political appointees, employees in regional offices and field offices, and customers. They will be critical in implementing your agency's mission, priorities and ongoing core business.



Orient yourself with "Center of Government" entities, including the Office of Management and Budget, the White House, and policy and management councils that will help advance your agenda.

Note: The Center of Government is defined as the entities that surround the president that he can use to implement his policies efficiently and effectively. Center of Government entities include the chiefs and deputy chiefs of staff to the president and vice president, senior White House staff, OMB and the policy and management councils.



Understand how your agency's systems and processes support delivery of agency priorities:

 Key areas include human resources, information technology, cybersecurity, privacy, acquisition, budget execution, financial and performance management. Failures in these areas could lead to negative press and draw attention away from the administration's agenda.

Note: if you have appointed your deputy secretary, give him or her this responsibility. By law, the deputy secretary will serve as the agency's chief operating officer.

ACTION CHECKLIST: DAY ONE

PEOPLE AND ISSUES

	with your beachhead and leadership teams, including your deputy secretary, chief of staff cting designees) and agency transition point of contact to:
-	Communicate your vision and immediate priorities
-	Receive briefings on the critical and immediate issues you will need to make on your first day(s)
-	Prepare for briefings with the White House
tant s	with your deputy secretary, chief financial officer, the OMB senior budget team, the assis- secretary for congressional affairs (or acting designees) and anyone else leading agency bud- reparations to discuss:
-	The impact of the fiscal 2017 budget, the debt ceiling increase (deadline: March 16, 2017) and the continuing resolution (expiring: April 28, 2017) on your agency's priorities and core business
-	The fiscal 2018 budget development status, including discretionary funding for election commitments and other agency priorities
=	Other critical and immediate budget-related decisions you will need to make
3-50	are for the unexpected (with your chief of staff and deputy secretary or acting designees and r staff) on your first day(s):
>>	You may be required to lead an immediate emergency response to an unforeseen critical issue that occurs
-	You may be called to attend a policy council meeting or White House briefings with the president and his senior staff, depending on the nature and urgency of the issue ²
-	You may have to respond to urgent issues and attend White House briefings on short notice, so direct your office to schedule discretionary time in your calendar
	 Have a list of key White House personnel on hand, including the chiefs and deputy chiefs of staff to the president and vice president, assistant to the president for cabinet affairs, press secretary and other senior staff
lf you	u haven't already, meet with the president's chief of staff (in person or by phone) to:
-	Clarify the president's expectations of your leadership role as a member of his Cabinet and how you will work with the White House
-	Discuss the president's priorities for the first 100 days and how this relates to your agency's

Note: Depending on the pressures on the first day, you may need to prioritize this in the

first few days.

Programmer of the Council meeting on his first day at the Treasury Department, Secretary Timothy Geithner attended the daily economic briefing with President Obama in the Oval Office; met with Larry Summers, director of the National Economic Council; and, in the afternoon, met with Rahm Emanuel, the president's chief of staff, reflecting the priority and urgency of the response to the economic issues at the time. Secretary Eric Holder attended a Homeland Security Council meeting on his first day, several hours after he was sworn in as attorney general.

STRUCTURES, SYSTEMS AND PROCESSES

	dures of the	with your deputy secretary and chief of staff (or acting of and responsibilities of your front office and division head agency. This will bring structure and order to the influx cace from day one.	ds, and communicate those to the rest
П	Direct your office to schedule meetings with your leadership team and direct reports (acting designees or incoming political appointees) to:		
	-	Prepare for any White House briefings or policy council mee	tings that day and in the coming week(s)
	-	Understand the key agency workforce, technology, budg address in your first days and weeks	et and other issues you will need to
		an all-staff email to the agency introducing yourself. and what you hope to achieve in your first 100 days.	Include your background, leadership

ACTION CHECKLIST: FIRST TWO WEEKS

PEOPLE AND IS	* Activities	s designated should be prioritized for the first week
* Prepare for:		
	d face-to-face meetings with key stakeholders, including w heads of state and others	vith business
	further White House briefings with the president and seni nce at policy council meetings	ior advisors, and
☐ * Meet with yo	our deputy secretary and chief of staff (or acting designed	es) to discuss:
The ager	ncy's top mission-focused programs or priorities	
Your plan	ns for filling vacant political positions	
The key	enablers and inhibitors to achieving mission success	
Any item	ns on the GAO high-risk list	
Your par	ticipation in Cabinet and policy council meetings	
⇒ Interaction	on with OMB leadership, especially in relation to budget, regula	tions and other executive actions
☐ * If not done p	ore-confirmation, be briefed by your designated agency e	thics officer
secretary fo	y your day-one discussions with senior White House stor public affairs (or acting designee) to determine how you not externally, on key planned and unplanned issues that are	u will communicate,
	our agency congressional liaison and legislative team to e tees, and the legislative landscape of the 115th Congress in	
	t congressional committee members and their views on issuarly those members on the House and Senate authorizing ar	
	ew on the implications of the deadline to raise the debt liming resolution and sequestration	it, expiration of the
	eferred approach for preparing for any congressional hearing defend your agency's budget on Capitol Hill soon after yo	
technology in your ager	deputy secretary (or acting designee), ask your chief is officer to brief you on the status of information technologics, immediate key decisions to be made and opportunities are views of your agency's IG and the White House CIO on the	gy and cybersecurity systems es to drive change. You should
	ief human capital officer to brief you and the deputy secre ate decisions that need to be made, including in relation to	
	kforce and talent profile for your Senior Executive Service to OPM for additional SES members, and all vacancies	corps, the most recent
	nographics (retirement eligibility and diversity, for example	

leader of the senior executive service.

	With your deputy secretary (or acting designee), establish a regular rhythm of engagement with your division heads individually and as a team to discuss:
	The insights of those acting in "critical" positions, how they support the agency and your priorities as secretary
	 Critical issues and priorities that you and your incoming political leadership team will need to address
	Your expectations of their performance
	Meet agency staff at headquarters through planned walkarounds and being in areas where many agency staff will congregate (e.g. the cafeteria), and set a strategy for visiting field and regional offices and their managers. ³
	Hold a conference call(s) with regional administrators to introduce yourself and your goals, and to schedule a conference call with all regional employees.
	Meet with the comptroller general and your agency's inspector general for their perspectives on the management, resource and operational challenges of the department, and any other issues they identify as needing to be addressed.
4	Meet with key stakeholders, including, business leaders, nongovernmental entities, interest groups and associations, union leaders, relevant leaders across other agencies, state, local and tribal governments (where applicable), foreign dignitaries and diplomats who will be involved in the issues for which you have responsibility.
	Discuss a potential senior leadership team retreat with your chief of staff and deputy secretary (or acting designees) for when your entire political contingent is confirmed and on board.
ST	RUCTURES, SYSTEMS AND PROCESSES
	Meet with your beachhead team and agency transition point of contact for an introductory briefing on agency issues, systems and processes you need to be aware of in your initial weeks.
	Meet with your deputy secretary and chief of staff (or acting designees) to continue day one discussions and communication about the roles, procedures and responsibilities of your front office and division heads.
	Begin to communicate regularly with the agency about your priorities and personnel —in person, on conference calls for regional and field offices, and via all-staff email communication.

³ In her first week, Secretary Clinton scheduled time to stop by the cafeteria at lunch to meet staff

RESOURCES

- Position descriptions for top leadership positions government-wide: http://bit.ly/2fVkl3i
- Federal agency profiles, including technology and workforce snapshots for federal agencies: http://bit.ly/2iwxowl
- Best Places to Work in the Federal Government rankings and analysis: http://bit.ly/163rxrO
- High Risk List prepared by the Government Accountability Office: http://bit.ly/1KxYxXW
- Office of Management and Budget reform recommendations: http://bit.ly/2jaifl0
- Center of Government concept map: http://bit.ly/2iWoSd4
- Ready to Govern onboarding program for political appointees: http://bit.ly/1op8Ur3
- Office of Government Ethics: http://bit.ly/2jm0tuy
- Office of Special Counsel: http://bit.ly/2iWAk8B

Other resources are available on the Center for Presidential Transition's digital platform, including the calendars from former secretaries that list their activities during their first weeks and months following the 2008 general election: **presidentialtransition.org**



1100 New York Ave NW Suite 200 East Washington DC 20005

(202) 775-9111 ourpublicservice.org CFC #12110 For over 15 years, the nonpartisan, nonprofit Partnership for Public Service has been dedicated to making the federal government more effective for the American people. We work across administrations to help transform the way government operates by increasing collaboration, accountability, efficiency and innovation. The Partnership's Center for Presidential Transition is designed to help presidential candidates navigate the transition process, prepare political appointees to lead effectively and work with the outgoing administration to encourage a smooth transfer of power. Visit ourpublicservice.org to learn more.

AGENCY TRANSITION ROUNDTABLE AGENDA

TUESDAY, MARCH 21, 2017 - 9:00AM TO 10:30AM

Purpose: To examine the state of agency transition and evaluate the path forward.

9:00 – 9:30 a.m. Status check: update on engagement with the administration

Purpose: To share insights gleaned from the Center's engagement with teams of new appointees and facilitate conversation on developments

across agencies.

9:30 – 10:00 a.m. Agency lessons learned

Purpose: To hear different agency leaders' perspectives on what worked well and what could be done differently in light of the experience gained

during this transition.

10:00-10:30 a.m. Now what? The post-transition plan

Purpose: To lead a discussion on new directions for this group, administration initiatives, and the creation of a new agency network.





While the first 100 days is an important marker for a new administration's achievements, most incoming leaders struggle to make a meaningful impact during this time. These political appointees are seasoned professionals—but to fully leverage their abilities, they need to know how to effectively drive change in the public sector.

"I can't tell you how many times I have leveraged the support the Partnership provided prior to my confirmation! It has really made a difference."

FORMER DEPUTY SECRETARY

federal government and deliver results for the American people.

We offer a series of courses featuring proven content developed from hundreds of conversations with federal leaders. These sessions are led by a bipartisan faculty of current or former political appointees and career executives. Using their experience, they provide practical, actionable information to guide incoming leaders and help them streamline

operations to make meaningful change in government.

As a trusted advisor on the presidential transition and the development of federal leaders, the Partnership for Public Service is uniquely

positioned to quickly get political executives up to speed. Through

Ready to Govern®, we prepare these individuals to manage in the

We understand the importance of preparing these individuals to govern as soon as they enter office, and our programs reflect that urgency. By relaying the most vital information appointees need, we can work to ensure they'll have an immediate impact in their roles.



FOR MORE INFORMATION, PLEASE CONTACT
Jennifer Close at (202) 292-1012 or jclose@ourpublicservice.org

PROGRAM FEATURES



ACCELERATE LEADERSHIP CAPABILITY

We frontload information and resources appointees need to get acquainted with their agencies and the federal landscape. Using this essential executive-tailored guidance, leaders will be able to avoid common missteps and advance agency productivity.



ADVANCE POLICY PRIORITIES

We prepare appointees to pursue the administration's priorities. Appointees will learn to optimize relationships with policy enablers, like human resources staff and information technology specialists, to ensure they build strong teams and internal support systems needed to further key initiatives.



UNDERSTAND GOVERNMENT STRUCTURES

Our curriculum deepens appointees' understanding of the federal government and the unique aspects of managing within it. We explore key laws, executive orders and regulations that they'll need to know for their roles and use to get things done.



BUILD HIGH-PERFORMING RELATIONSHIPS

For incoming appointees to succeed, they need to quickly build networks with their peers from other agencies. Leaders will develop these relationships through our onboarding events so they can collaborate across government.

"I had a lot of epiphanies and 'aha' moments. Overall, the courses gave me frameworks and things to think about and red flags to look for."

FORMER DEPUTY ASSISTANT SECRETARY

1,350⁺
NUMBER OF PARTICIPANTS
SINCE 2013

FACULTY

Incoming appointees have extremely impressive backgrounds. But they come with a range of government and management experience, and they will serve in roles that vary widely.

That's why we've assembled a dynamic faculty to focus on the key needs of each participant. Since our faculty have served in similar roles in the public, private and social sectors, they are ideally positioned to share insights, lessons learned and advice based on their experiences managing and leading complex organizations.

65⁺

FACULTY AND SPEAKERS

5

CHIEFS OF STAFF

7

FORMER DEPUTY SECRETARIES

3

FORMER SECRETARIES

CURRICULUM

Our 90-minute courses emphasize the most relevant information appointees need to do their jobs effectively. Participants will increase their expertise and executive skills by engaging in meaningful conversations with their peers and faculty, internalizing key lessons and best practices, and receiving actionable resources needed to implement proven strategies. Political appointees may self-select into these sessions based on their responsibilities and interests.

"The atmosphere was a safe one.
I felt that people could share candidly and give others advice without egos getting in the way or people being offended."

FORMER DEPUTY ASSISTANT ATTORNEY GENERAL

ETHICS AND OPTICS

Recognize and avoid common legal and ethical violations, and identify the stakeholders who can help you navigate federal rules and regulations

EXECUTIVE HIRING DOS AND DON'TS

Understand and leverage federal hiring practices to bring in the top political appointees and career staff needed to drive agency productivity

FEDERAL ACQUISITION: ACCOMPLISHING MISSION PRIORITIES AND MANAGING RISK

Leverage federal acquisition as a strategic tool to accomplish mission priorities by understanding the acquisition life cycle and your role in this process

FEDERAL IT: ACCELERATE YOUR SUCCESS WITH TECHNOLOGY

Use IT to achieve business goals by recognizing opportunities and constraints, including cybersecurity, performance, sustainability and customer satisfaction

HOW TO BE AN EFFECTIVE CHIEF OF STAFF

SPECIALTY COURSE FOR CABINET- AND COMPONENT-LEVEL CHIEFS OF STAFF

Prepare for this unique position by understanding the expectations of the role and how the responsibilities vary at agencies across government

MANAGING THE POLITICAL-CAREER INTERFACE: BUILDING A STRONG TEAM

Learn to build a strong team by overcoming traditional stereotypes held by both appointees and career executives, creating and communicating a clear governance structure to your staff, and maximizing employee effectiveness

STAKEHOLDER STRATEGIES: WORKING WITH THE WHITE HOUSE, OMB AND OTHER AGENCIES

Recognize and learn to build and manage successful relationships with key players within the White House

SUCCEEDING WITH EXECUTION: DRIVING RESULTS AND ACCOUNTABILITY

Develop strategies to focus and execute your agenda in a challenging federal environment by prioritizing your goals and leveraging key stakeholders

WHAT THE FEDERAL BUDGET PROCESS MEANS TO YOUR SUCCESS

Become familiar with the federal budget process and understand how it affects the president's priorities and funds the operations of the federal government

WORKING WITH CONGRESS

Build productive relationships with members of Congress and their respective committees by understanding how to work with them effectively—content will focus on how to testify before Congress, deal with scrutiny, and partner with lawmakers to deliver on your mission

CUSTOM SESSIONS

Though our curriculum is designed for appointees across government, we also offer customized courses to provide more agency-specific guidance. Leaders can request highly tailored programs that focus on their particular missions and initiatives. These custom sessions help appointees develop even more specialized expertise on specific topics relevant to their work.

SMALL-GROUP AND ONE-ON-ONE OPPORTUNITIES

EXECUTIVE ROUNDTABLES

These roundtable discussions are designed to connect, inform and inspire political appointees to lead and govern well. During these events, appointees network with their colleagues from across government; share strategies and tips related to addressing common challenges; and discuss timely, complex and cross-cutting issues with their peers.

EXECUTIVE OFFICE HOURS

Following their participation in Ready to Govern, executives can request to meet one-on-one or in small groups with any of the more than 50 members in our Strategic Advisors to Government Executives program. These former C-suite executives from agencies across government will leverage their expertise and experience to help appointees navigate the federal environment, accelerating their ability to contribute to more efficient and effective federal leadership.

"Ready to Govern provided me with the opportunity to meet fellow presidential appointees with the goal of sharing common questions, concerns and strategies for leadership."

FORMER COMMISSIONER



Ready to Govern* is a program that provides educational services, namely, courses of instruction and leadership development trainings in the field of government management. Services are delivered, in part, through a learning and innovation center featuring fully customized leadership, motivational, educational and brainstorming trainings.

The Partnership for Public Service is a nonprofit, nonpartisan organization that works to revitalize our federal government by inspiring a new generation to serve and by transforming the way government works.

ourpublicservice.org CFC#12110



MEMORANDUM

January 19, 2017

TO: President-elect Donald Trump

FROM: Vice President-elect Mike Pence, Transition Chairman

SUBJECT: Transition Accomplishments Summary

It has been an honor to serve as Transition Chairman, and I am thankful for the truly exceptional work that Governor Christie and his team did in the pre-Election phase to position us to transition. The team that is in place, and the process that we have developed and executed establishes a new standard for future transitions.

The hallmark and overarching purpose of any presidential transition is to facilitate the peaceful transition of power by preparing to install new leadership throughout the Executive Branch. Trump for America, Inc. has operated since the summer to accomplish this end, and I am pleased to report that the Transition has accomplished its intended goals ahead of schedule, and well under budget. The Transition has been run efficiently and effectively and has achieved its objective of positioning the incoming Administration to avoid any delay in implementing our agenda on Day One, as well as the first 100/200 days.

The following are reports summarizing the accomplishments of each Transition unit:

Presidential Appointments:

- The Presidential Appointments team conducted approximately **170 interviews prior to the Election** all across the country of former office holders, prospective candidates and campaign senior advisors. Insight was gathered from some of the key conservative voices in the Republican Party.
- Tiger team interviews of senior candidates **since the Election will exceed 200 people** these interviews are in addition to the Executive Committee and President-elect -level interviews that have occurred with all Cabinet members and many Senior White House staff, and Deputy Secretary posts.
- Over 86,882 resumes have been submitted to the Transition from citizens eager to serve from all across the country, and over 4,000 candidate referrals have been received from the Executive Committee, members of Congress, trade organizations, transition personnel, friends of the Transition, and secretary designees. All of these submissions from across the country have been logged and merged over to the permanent White House PPO system that will operate within the Executive Office of the President on January 20, 2017.
- On the eve of the Inauguration, 536-Day One-beachhead team members have been identified to join the various federal agencies on January 20, 2017, as Donald J. Trump is sworn in as President of the United States.

Office of Legislative Affairs/Confirmations:

- Recruited and organized 90 volunteers to create and execute a confirmation strategy designed for 27 publicly announced Senate confirmed nominees.
- Designees attended 373 visits with Senators.
- Pioneered database for compiling and tracking over 735 personnel recommendations from members of Congress.
- Created tracking system for all Office of Legislative Affairs contacts with the Senate, amassing 1,311 meeting entries and over 260 Senate tweets.
- Coordinated the responses to thousands of Questions for the Record (QFRs), including at least 1,151
 questions alone for State Secretary designee Tillerson.
- Designed and executed a robust mock hearing process for all Cabinet-level designees, including:
 - o Nearly 46 Mock Hearings or informal roundtable sessions.
 - o ~5,670 questions asked across all mock hearings.
 - o On average, 123 questions per each hearing.
 - o Nearly 92 hours of total mock hearing time, as well as 46 hours of pre- and post-hearing review.
 - 414 "Senators" volunteers who thus far have sat behind our dais.

Communications:

- The Presidential Transition Communications (PTC) team developed a 73-day plan prior to the Election and has worked to execute that plan.
- For the first time, the PTC designed and assembled a **Media Sherpa support system** for each nominee, ensuring quick response to incoming media inquiries. Comprised of over 25 experienced and highly qualified communication experts, the Media Sherpas played an integral role in facilitating speed and accuracy in reporting to meet the needs of today's 24/7 media environment. While sherpas have been used in past transitions, this the **first time that a Media Sherpa was used to support the designees** through the confirmation process while serving as a liaison to the media.
- The PTC played a key role in providing accurate and timely information to the media, including pre-release excerpts of testimony in advance of hearings, one-on-one briefings with reporters on the designees, distribution of recaps and summaries of the hearings, and sharing of recent news articles and op-eds. The goal was to ensure accurate and timely information being delivered to the general public that has a vested interest in the confirmation hearings.
- The PTC hosted a daily press conference call, open to all reporters. Daily schedules of the President-elect and Vice President-elect were provided as well as updates on the Transition progress. There was always an open line of communication for the media to Transition officials, ensuring response to their questions and concerns. Additionally, the PTC hosted two live press conferences, one in New York and one in Washington, DC.
- The PTC also simulated press briefings to prepare incoming White House press staff.
- The PTC devoted a full team to monitor, react to and edit false news stories in order to ensure that the correct message was received and distributed to the American people.
- A roll out mechanism was created for each Cabinet designee, which included, prior to announcement, a dossier of background, comments of support, surrogates for TV, radio and print media outs, and a headshot.
- Headshots were taken of each nominee to be used for all media coverage leading up to, during and after their hearings/appearances.
- Beachhead teams will now also be comprised of communications team members who during the first 120 days will build and secure a strong interagency communications program.

- GreatAgain.gov:

- o Millions of visits to the Transition website despite never officially announcing the URL.
- o Nearly 87,000 applications to "Serve America"
- o 307,000 Facebook Likes
- o 177,000 Twitter Followers
- o More than 220,000 Americans have shared their idea or comment for making America great again

Agency Action:

- The mission of the Agency Action teams was to:
 - o Ensure an orderly transition of power in the agencies of government
 - o Craft the change agenda that will deliver on the President-elect's commitments to MAGA
 - o Brief nominees after their hearings so they are prepared to implement once confirmed in role
- As a presidential transition first, teams published Agency Action Plans a standard document that includes:
 - o Briefing on the agency's current state e.g. key policy issues, organization, regulatory matters, ongoing litigation, budget overview, etc.
 - Detailed change initiatives that specify how to deliver on campaign promises and improve agency operations
 - o Timeline of proposed Day 1/Day 100/Day 200 actions.
- Landing Teams also supported other Transition needs:
 - o Identified holdovers from the current administration to ensure continuity of government
 - Reviewed agency's external communications and developed plan to assume control over websites, social media accounts, etc.
 - Supported QFRs for pre-inauguration confirmation hearings
- Agency Action by the numbers:
 - o 321 landing team members sent into 39 agencies
 - o 536 beachhead team members appointed as of Day One

The Policy Implementation:

- The mission of Policy Implementation was to take Campaign Promises, as determined by the Campaign, and identify and create action plans around how to implement those Campaign Promises from the Trump Administration's (Executive Branch) perspective. Specifically, the Transition focused on a Day 1/Day 100/Day 200-action plans for each of the Campaign Promises.
- Significantly, different from Agency Action work (which specifically focused on an Agency or Department and determined what change initiatives would need to be reviewed and what course of action to be recommended), the Policy Implementation teams examined Campaign Promises and determined how to implement and execute on each promise from a government-wide perspective. As such, issues like "Building the Wall" has several Agency action plans for several different Agencies and Departments throughout the first 200 days of the Trump Administration.
- In order to accomplish the mission, we established 14 Policy Implementation teams, and four (4) inter-Policy Implementation and Agency Action task forces to address crosscutting issues (e.g., Buy America; Women and Children issues; Intellectual Property issues; Currency Manipulation issues). We had over 110 active team participants with an additional 90 experts serving in an advisory capacity.
- Policy Implementation by the numbers:
 - o 110 active team experts; additional 90 experts in advisory roles
 - Over 1,200 pages of expert material produced, and
 - Over 135,000 manpower hours dedicated to this endeavor.

President-Elect Support:

- President-Elect Support (PES) oversaw the development and execution of all needs of the President-elect, First Lady-elect (FLE), Vice President-elect (VPE), and their families, as well as 73-day planning for communications, public engagement and outreach, operations, White House structure, and logistical support.
- PES successfully developed 73-day planning prior to the Election, and the PES team has executed that plan.
- PES created a robust strategic communications approach to support the Transition communications team, and has functioned as a key rapid response and messaging arm for the Transition.
- PES developed GreatAgain.gov prior to the Election, and currently is working to prepare WhiteHouse.gov for launch.
- Originated and guided the branding and branding package for the Transition, including logo, stationery, business cards, and document templates.
- PES has successfully positioned the Transition for the first 100/200 days of the Trump Administration.
- PES team members have prepared the President-elect and Vice President-elect, and their families, for the logistics of the Inauguration, as well as coordinated their moves to Washington DC.
- PES has supported setting up the entire Office of First Lady, as well as Oval Office redecoration.
- Correspondence:

In less than one-month the Transition Correspondence operation has:

- Coordinated the disposition for over 25,000 pieces of mail and packages
- Sent 7,500 response cards to general public mail
- Recruited and organized 10 volunteers to rotate day and night shifts
- Designed and compiled a comprehensive database of individuals who have written the PE and VPE, which will be transferred to Records Management at the White House
- Wrote and vetted language and produced 17 5 x 7 response card variations on behalf of the President-elect, Vice President-elect and senior staff
- Drafted Transition correspondence language and style manual for volunteers
- o Established a comprehensive mail room as a resource for Transition staff to receive and send mail
- Operated under budget
- Worked with the Remote Delivery Site to determine disposition of Trump Tower mail and family mail and gifts

Correspondence Trackers/Firsts:

 The Correspondence operation has processed and sent more responses than any transition correspondence in the history of transition teams

Office of Nationwide Engagement:

The Transition formed the Office of Nationwide Engagement (ONE) to serve as the first point of contact from the Transition to the broader business, association and other organizations both in Washington DC and outside the Beltway.

ONE By the Numbers:

- o **28 Listening Sessions** conducted December 1st through January 13th
- Excluding weekends and the Washington shutdown for the holidays all sessions were conducted in 22 business days.
- Conservatively, ONE and Transition staff met with and heard the top policy concerns of 1,200
 organizations, associations and special interest entities.
- Combined, ONE and Transition staff have listened to the priorities of 25 million Americans through these Listening Sessions.

- ONE staffing levels during this time period included 8 full-time professionals and four part-time professionals while leveraging decades of relationships throughout the broader Washington community.
- Specific Sectors Engaged:
 - Veterans
 - Law Enforcement
 - Conservatives
 - Seniors
 - Manufacturers
 - Big 7 Intergovernmental
 - · Faith (Catholics and Evangelicals)
 - Indian Tribes
 - Energy
 - Infrastructure
 - Healthcare 1 FDA regulated entities
 - Healthcare 2 Providers
 - African American Leaders
 - Agriculture
 - Labor 1 Infrastructure

- Labor 2 Trade
- Financial Services
- Export-Import Bank users
- Hispanics
- Religious Persecution (Domestic)
- · Religious Persecution (International)
- Defense 1: Contractors
- Defense 2: Foreign Policy
- Small Business
- Youths
- Higher Education, Faith-based, Technical and For-Profit
- · K-12, Public, Charter, Home-School
- Asian Americans

Finance/Budget:

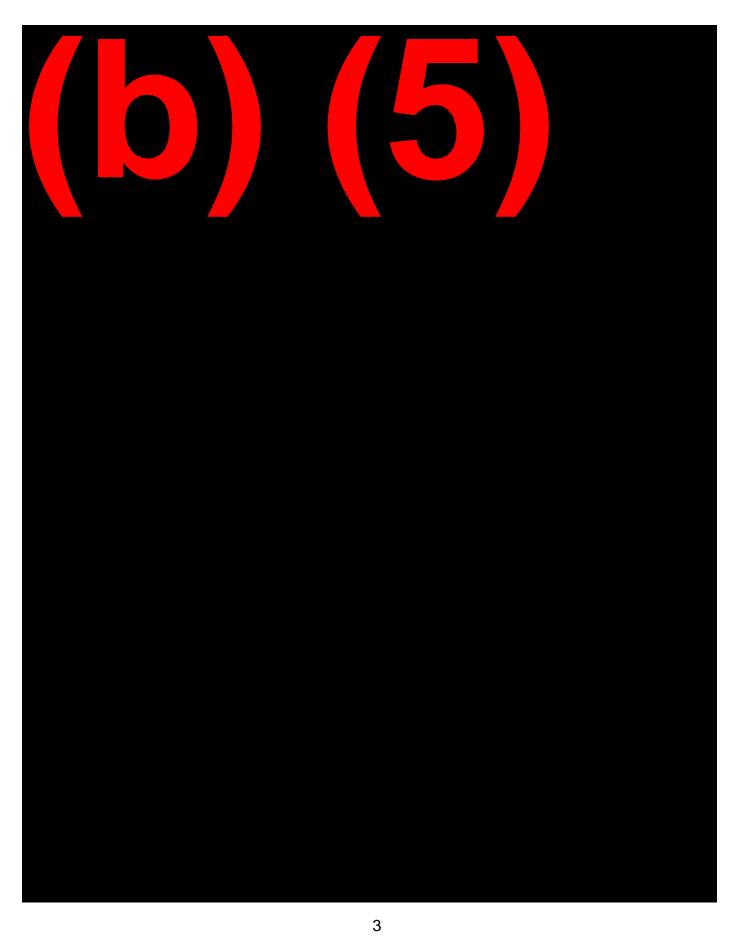
- The Finance Team is pleased to report that just days before the Inauguration, both the Appropriation granted by the Presidential Transition Act, and our 501(c)(4) organization Trump for America, Inc. are poised to complete their missions below budget.
- Between November 9, 2016 and January 16, 2017, Trump for America, Inc. deposited \$5.4MM into its coffers and spent \$4.2MM, leaving it with a surplus of \$1.2MM.
- Current Total Revenue, Combined PTA Appropriation and TFA, Inc. \$11.4MM
- Current Total Expenses, Combined PTA Appropriation and TFA, Inc. \$7.8MM
- Net available funds: \$3.6MM
- This means that the Transition is currently in a position to leave a significant part of the PTA Appropriation on the table for the American taxpayer—perhaps as much as \$1.2MM, or 20% of the PTA Appropriation of \$6MM.
- So even before the President-elect takes office, he is demonstrating an ability to reduce government spending.

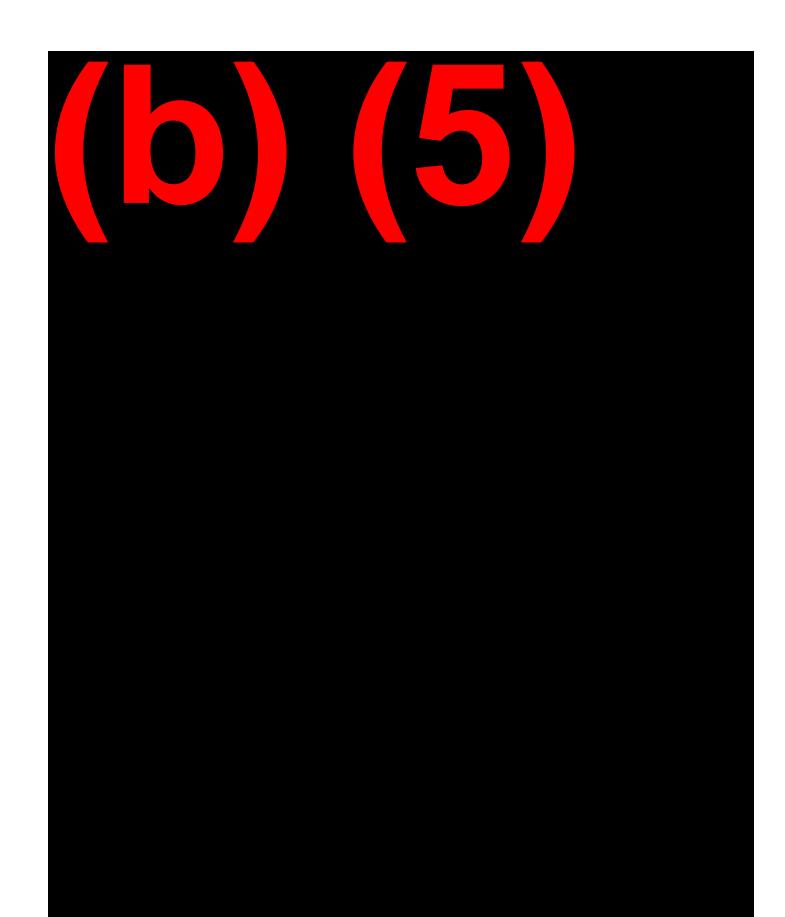
Transition Trackers/Firsts:

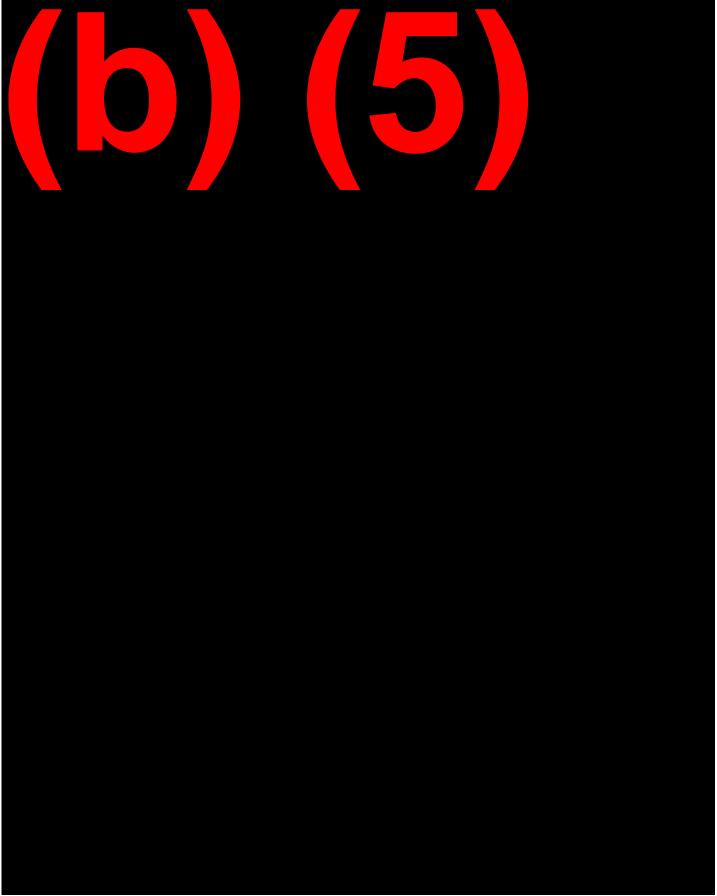
- 77 Total Foreign Leader Calls made by PE/VPE combined
- 21 of 21 Cabinet appointments made prior to the Inaugural
- ~87,000 applications to serve
- 370 interviews for high-impact positions
- 321 landing team members sent into 39 agencies
- 536 beachhead team members appointed as of Day One
- 46 Mock hearings 5,670 questions asked, 92 hours, 414 mock "senators" participated
- 373 Senate office visits by Cabinet designees
- Thousands of QFR responses, including 1,151 for State Secretary designee Tillerson
- 220,000 Americans shared their ideas/comments for how to make America great again
- ~110 policy team participants and ~90 substantive experts
- More than 1,200 pages of policy papers produced
- 25,000 pieces of mail processed with 7,000 responses sent

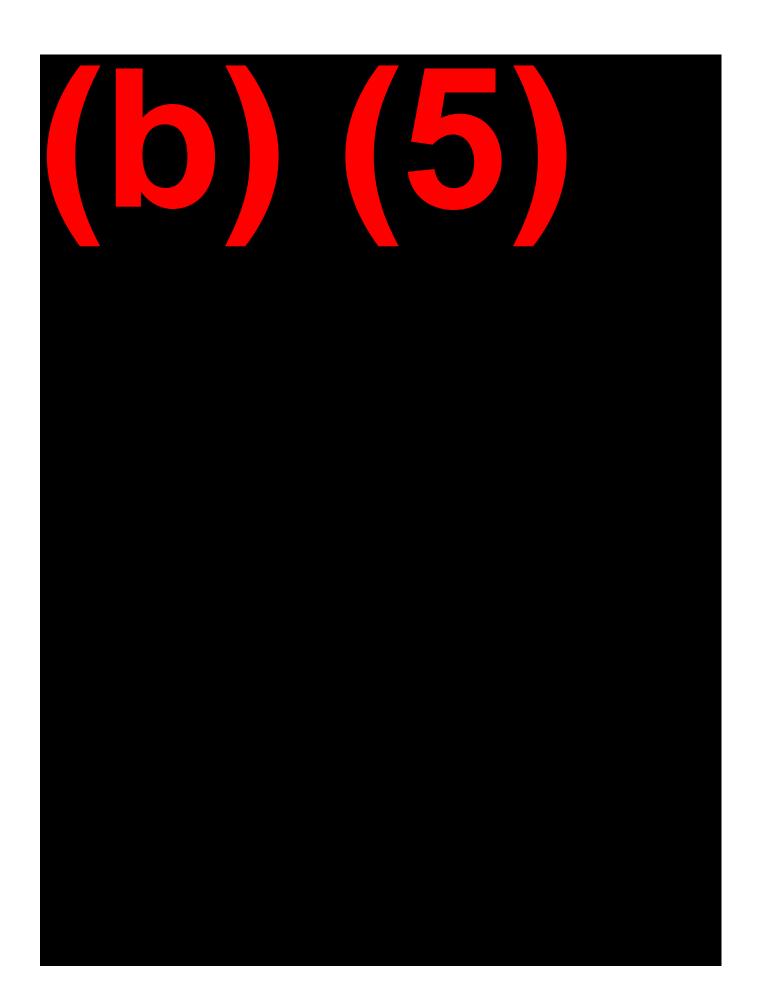
- 28 ONE Listening Sessions in 22 business days 1,200 organizations engaged representing 25 million Americans
- Returning as much as 20% of taxpayer money used for Transition (\$1.2M) back to the Treasury
- First utilization of Media Sherpa and War Room operation to support nominees
- First transition to occur in institutionalized GSA facility where all future transitions will take place
- First incoming Administration dealing with Senate confirmation since Senate Rule change requiring only a majority of votes to confirm
- First online application database through Great Again. gov to capture and then be rolled into the White House PPO to become the PPO database

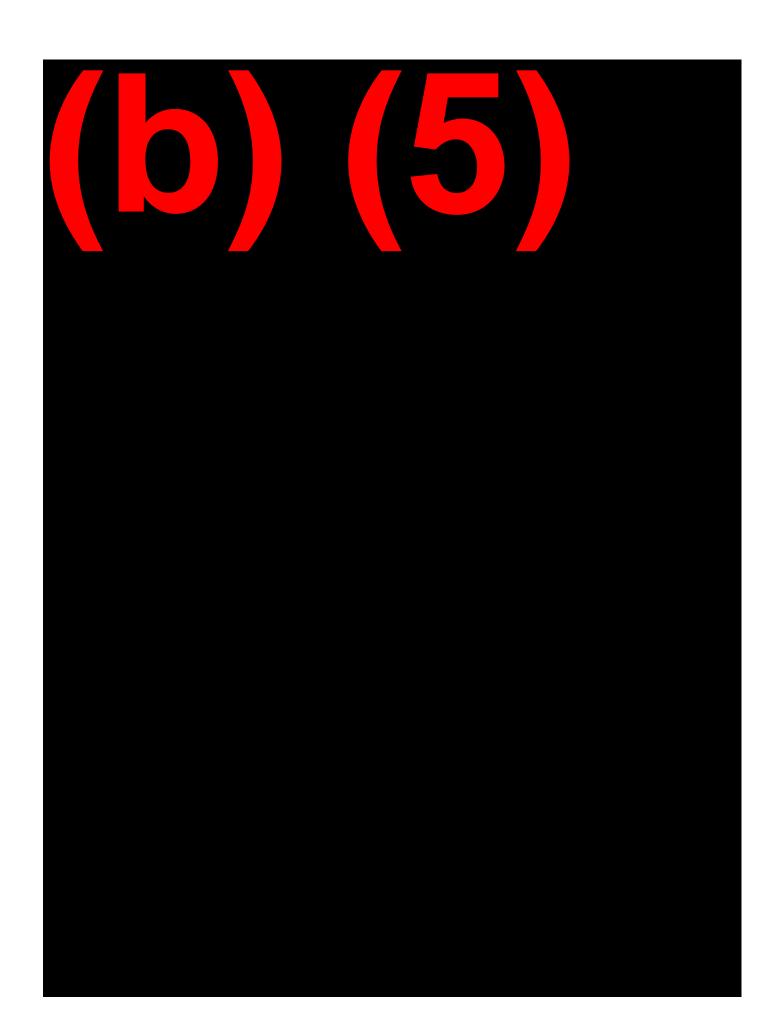
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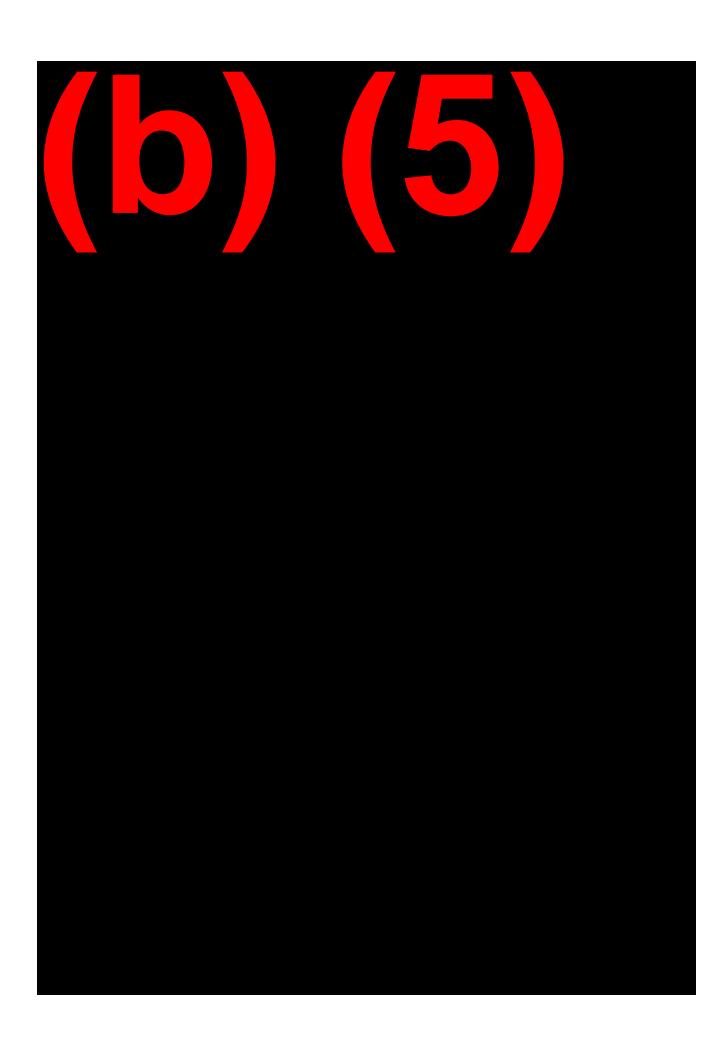


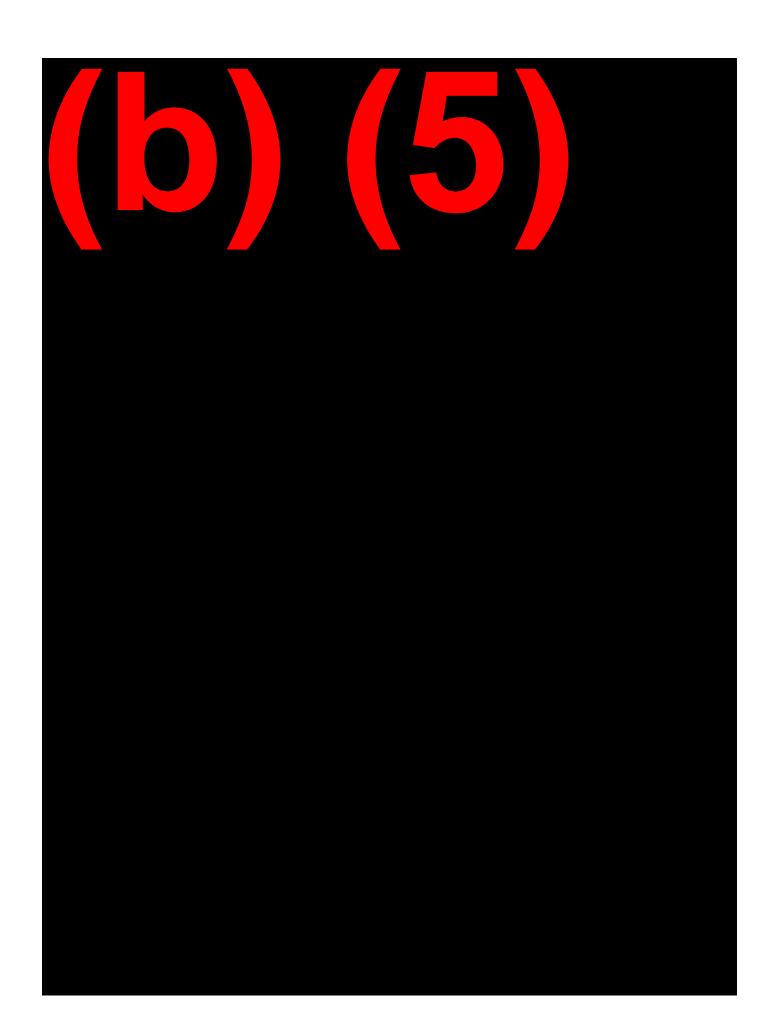














Improving the 18F Customer Experience

CX Journey Mapping and Recommendations - October 2016

CX ACTION WHY IT MATTERS Create an immersive project kickoff experience. After a lengthy IAA process, projects often have messy, frustrating starts. Create momentum around a definite start date to renew focus and enthusiasm and set expectations for team participation moving forward. Staff generalists to manage customer relationships and Our customers are agencies, not users. It's imperative to have generalists with client management experience owning customer specialists to manage customer projects. relationships, and technical experts managing products and projects. In some of our projects, a narrow gap in customer expectations Offer customers a direct line to 18F leadership in case widens over time. Supplementing regular checkins with an upfront they don't feel heard by their project team. communications path will give customers the confidence that we Clarify chain of command, e.g., project manager > 18F always have an open door and are determined to make the project a deputy > 18F director success. We bring in top talent because they want to make a difference. Develop a 1-hour to 1-day Consulting 101 course with Often, our best SME's don't have much client facing experience. A actual 18F case studies on creating lasting impact and workshop on how to create lasting impact through best practices avoiding pitfalls. would give new hires more context on creating within government and offer a blueprint for navigating client relationships. Require teams to schedule weekly, internal debriefs to By separately evaluating the state of the client, the work, and the team, we will put client relationships first and track the health of discuss 1) client 2) content and 3) team.

projects throughout the engagement. Weekly debriefs with this

improvement, and select potential escalation paths as needed.

structure will help identify what's working, create actionable steps for

18F CX Journey and Recommendations Summary

APPROACH	CUSTOMER	PHASE		
		Initiation	Ongoing	Handoff
In 9 one-hour interviews, we spoke with Product Owners, CIOs, and	USAID			
other stakeholders across 8 agencies that had recently worked	STATE			
with 18F.	ОРМ			
We focused on customer perceptions of 18F, what it was like	FAS			
to start projects and work with 18F, and what customers thought of	OMB			
project deliverables and the handoff process.	CFPB			
	ONRR			
	FirstNet			

FINDINGS

A bumpy start casts a shadow on the engagement.

Hire for technical skills, sector interest, and consulting experience.

Manage business development pipeline so that team members are available to start the day IAA is signed.

Provide a "white-glove" experience in completing IAAs via internal templates.

Customer relationships need just as much attention as prototypes.

Hire a relationship lead to be client-facing throughout the engagement.

Conduct an Agency 101 session with the whole team to get a download of prior efforts with a customer.

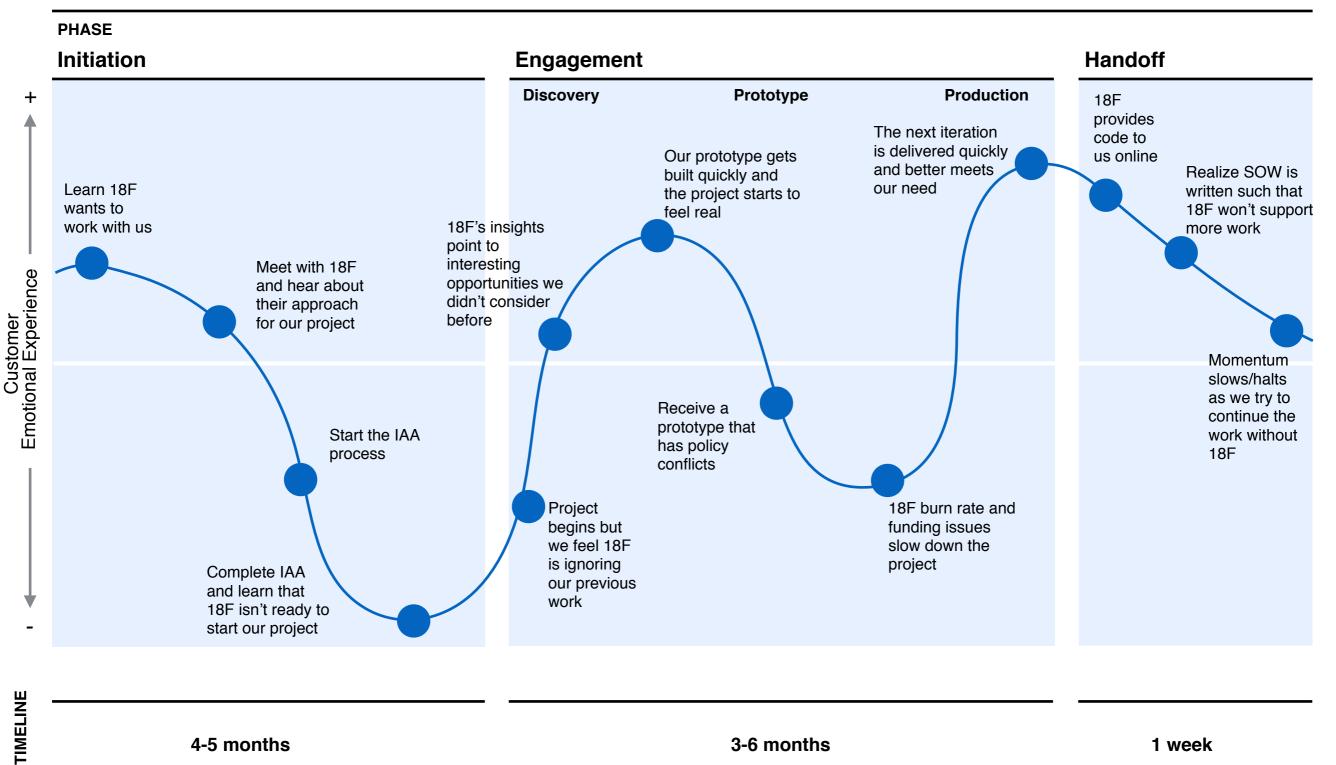
Develop a consistent communications plan around internal and external project changes.

Develop & share bi-weekly status reports with customers and 18F leadership.

Customers want a viable program, not just functional code.

Check-in with customer 15-30 days after engagement ends to assist with any transition needs.

Consistently draft an SOW for future work to help connect customers with vendors to pick up where engagement ends.



4-5 months 3-6 months 1 week

PHASE

Initiation

"It would be good to have some standard templates and things that would make it easier to get through the legal process."

"The biggest surprise with 18F is that they want to work with us. It was great to find out."

The word "IAA" scares people at our agency."

"There was a pretty significant delay in getting an 18F team for the project. This had a ripple effect on the project."

"I'm not an IT expert, I don't know the difference between prototype and production."

Set up Agency 101 sessions before each engagement for customers to educate us on their previous efforts/research.

Align IAA to customer reporting cycles and prepare an IAA extension if agencies work on a calendar year.

Develop an IAA template that clarifies the process and timeline, and highlight key areas to align and decide on.

Engagement

Discovery

"We had a disconnect in research done and our background info. From the beginning we communicated what the problem was. All was provided to the 18F team."

'I would appreciate a regroup on

the burn rate at various points, as

they got to points where money

was tight and burn rate was too

Improve knowledge management

structure to promote transparency on

Structure deliverables from Discovery

rather than just research findings and

phase as a strategy and direction,

step back."

both ends.

insights.

high...and they needed to take a

Prototype

"It could be beneficial to consult for product and business. Our product manager handled technical and product issues and also provided suggestions regarding business model."

"18F wasn't open to suggestions from feds because we were bureaucrats. We have two tools that aren't in use because they're not in compliance."

"Halfway through the year we found out GSA had increased the pricing and didn't notify everyone. That was a long and stressful period to get GSA to honor original pay levels."

Test prototypes against policy compliance in addition to usability and other feedback.

Share and align on a plan for evaluating prototypes before tests begin (e.g., what questions will be answered and who will test it).

Production

"I am in awe of the brilliance of these people."

"As a product manager and

software engineer myself, I

the same thing I believe in:

transparent development."

"18F tried to schedule 60-90

minute meetings with our senior

This looks bad on them and us."

leadership team with 2 days notice.

understand what they work for. It's

"18F having to make a determination whether they're going to work with us in a second year is a difficult way to work."

"As a customer I was unsure as to team structure and roles/ responsibilities of 18F. It would help to have an internal map of 18F."

Handoff

"18F needs a buffer between bureaucracy and creativity."

Schedule key meetings with senior leadership at beginning of project and adapt workflows so that product owners have 1 week to make other decisions requiring senior leadership.

Map out customer agency organization (key stakeholders, influencers, and decision makers) and share within project team.

Check in with customer 15-30 days after engagement ends to assist with any transition needs.

Draft an SOW for future work to help connect customers with vendors who can pick up where we left off.

Manage expectations for start time (structure IAA to coincide with team

Clarify definitions and provide examples of deliverables (e.g., prototype, production).

Leverage PIFs to develop relationships and leads.

Form project teams before signing IAA & show their roles/experience.

Set expectations for ongoing communication topics and channels after project ends (e.g., field questions about features and vendor needs/access, but not on strategy and new features).

Create a relationship lead for each engagement to be the primary POC before, during, and after a project.

Create a consistent communications plan around internal and external project changes (e.g., email list for project relationship leads to learn about rate changes and how to communicate them).

Hire for both technical skills and practice expertise (e.g., healthcare, immigration, defense) and bring in people with client-facing consulting experience.

Visualize burns rates for different levels of project size/investment and update weekly.

Conduct a skills assessment and incorporate strengths and thinking styles (in addition to technical expertise) into team formation.

SMMO

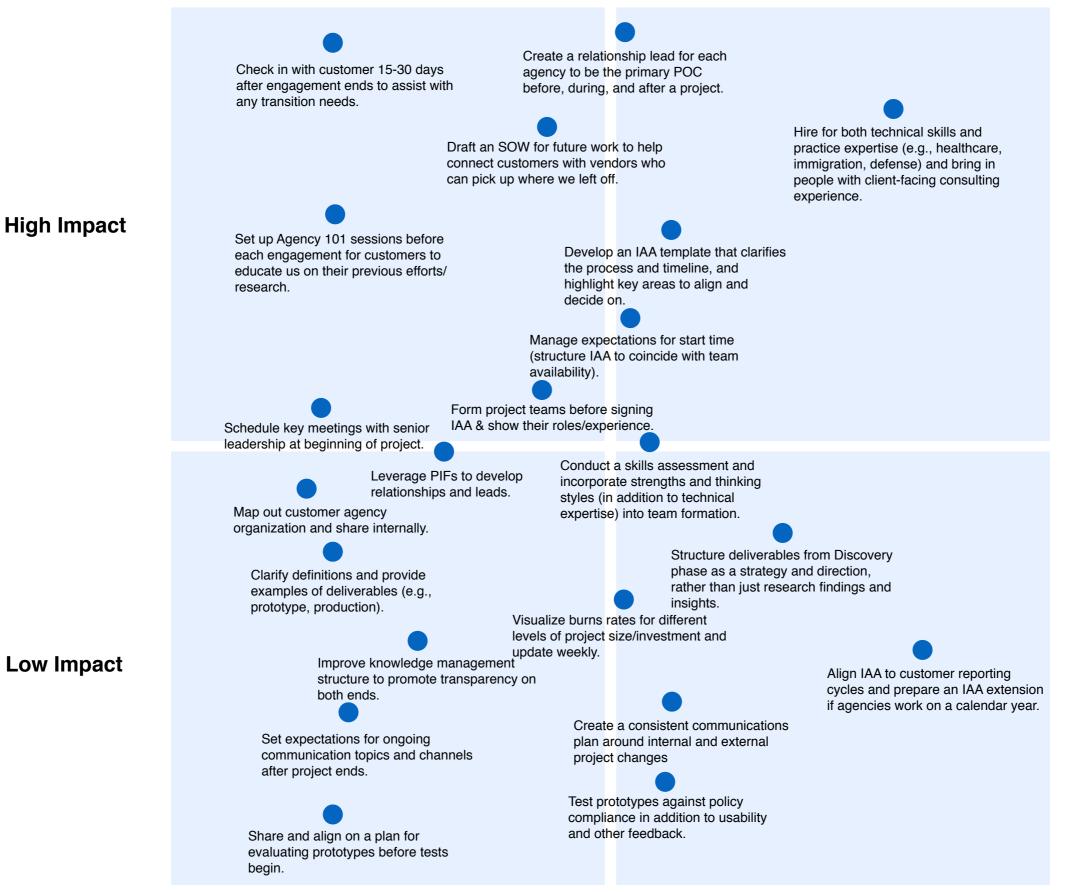
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PRODUCT & PROCESS

EOPLE &

High Impact	Quick Wins	Major Projects
Low Impact	Fill Ins	Thankless Tasks

Low Effort High Effort



Low Effort

High Effort

18F CX Action Planning

Product & Process

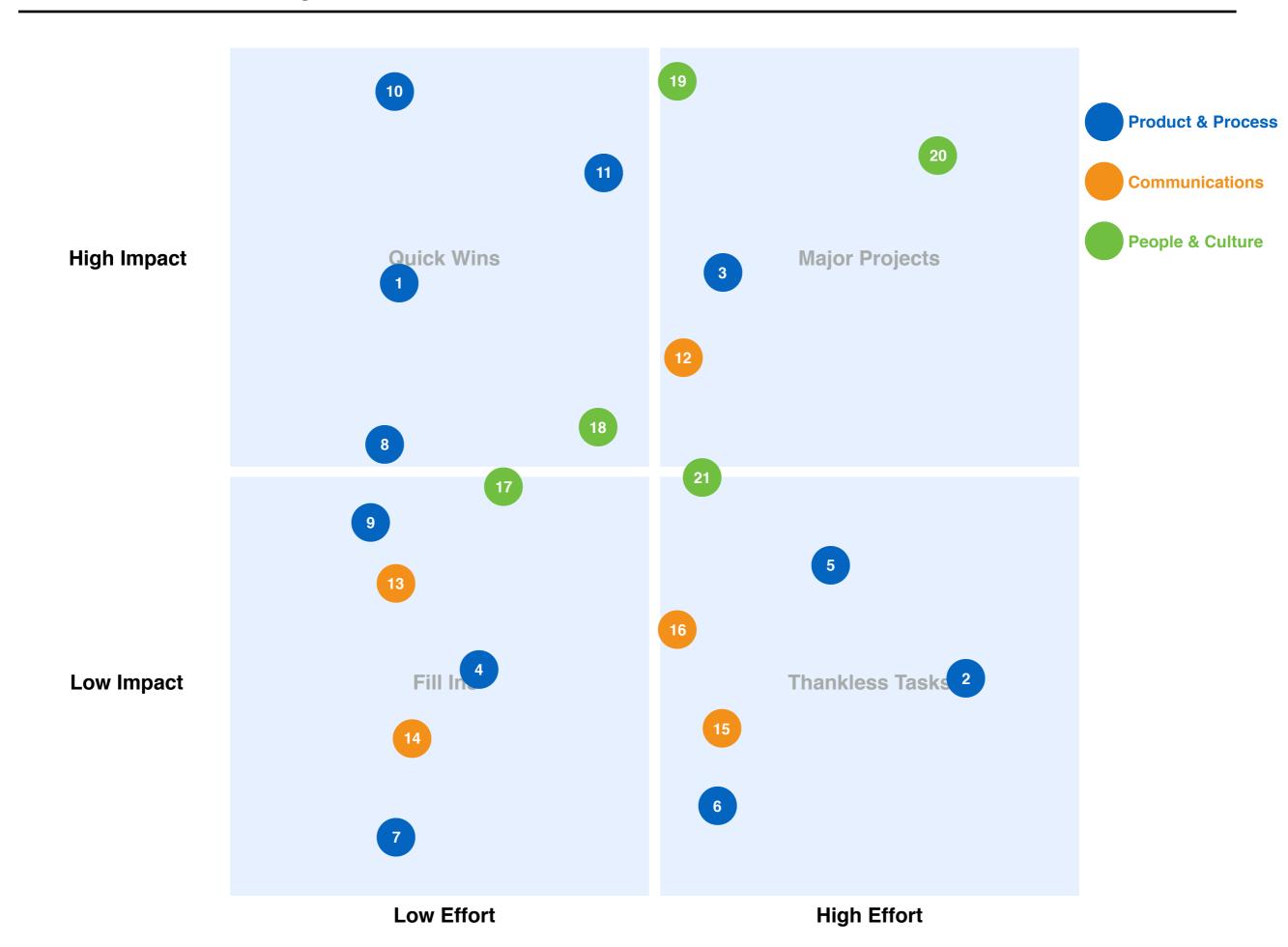
- 1. Set up Agency 101 sessions before each engagement for customers to educate us on their previous efforts/research.
- 2. Align IAA to customer reporting cycles and prepare an IAA extension if agencies work on a calendar year.
- 3. Develop an IAA template that clarifies the process and timeline, and highlight key areas to align and decide on.
- 4. Improve knowledge management structure to promote transparency on both ends.
- 5. Structure deliverables from Discovery phase as a strategy and direction, rather than just research findings and insights.
- 6. Test prototypes against policy compliance in addition to usability and other feedback.
- 7. Share and align on a plan for evaluating prototypes before tests begin (e.g., what questions will be answered and who will test it).
- 8. Schedule key meetings with senior leadership at beginning of project and adapt workflows so that product owners have 1 week to make other decisions requiring senior leadership.
- 9. Map out customer agency organization (key stakeholders, influencers, and decision makers) and share within project team.
- 10. Check in with customer 15-30 days after engagement ends to assist with any transition needs.
- 11. Draft an SOW for future work to help connect customers with vendors who can pick up where we left off.

Communications

- 12. Manage expectations for start time (structure IAA to coincide with team availability).
- 13. Clarify definitions and provide examples of deliverables (e.g., prototype, production).
- 14. Set expectations for ongoing communication topics and channels after project ends (e.g., field questions about features and vendor needs/access, but not on strategy and new features).
- 15. Create a consistent communications plan around internal and external project changes (e.g., email list for project relationship leads to learn about rate changes and how to communicate them).
- 16. Visualize burns rates for different levels of project size/investment and update weekly.

People & Culture

- 17. Leverage PIFs to develop relationships and leads.
- 18. Form project teams before signing IAA & show their roles/ experience.
- 19. Create a relationship lead for each engagement to be the primary POC before, during, and after a project.
- 20. Hire for both technical skills and practice expertise (e.g., healthcare, immigration, defense) and bring in people with client-facing consulting experience.
- 21. Conduct a skills assessment and incorporate strengths and thinking styles (in addition to technical expertise) into team formation.



Appendix

Initiation

"It would be good to have some standard templates and things that would make it easier to get through the legal process."

"The biggest surprise with 18F is that they want to work with us. It was great to find out."

The word "IAA" scares people at our agency."

"There was a pretty significant delay in getting an 18F team for the project. This had a ripple effect on the project."

"I'm not an IT expert, I don't know the difference between prototype and production."

Engagement

Discovery

"We had a disconnect in research done and our background info. From the beginning we communicated what the problem was. All was provided to the 18F team."

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it was too high and they

needed to take a step back."

"I would appreciate a regroup points, as they got to points where money as tight and burn rate was too high. Sometimes

Prototype

"It could be beneficial to consult for product and business. Our product manager handled technical and product issues and also provided suggestions regarding business model."

"18F wasn't open to suggestions from feds because we were bureaucrats. We have two tools that aren't in use because they're not in compliance."

"Halfway through the year we found out GSA had increased the pricing and didn't notify everyone. That was a long and stressful period to get GSA to honor original pay levels."

Production

"I am in awe of the brilliance of these people."

"As a product manager and software engineer myself, I understand what they work for. It's the same thing I believe in: transparent development."

"18F tried to schedule 60-90 minute meetings with our senior leadership team with 2 days notice. This looks bad on them and us."

Handoff

"18F having to make a determination whether they're going to work with us in a second year is a difficult way to work."

"As a customer I was unsure as to team structure and roles/ responsibilities of 18F. It would help to have an internal map of 18F."

"They need a buffer between bureaucracy and creativity."

PHASE

Customer Emotional Experience

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Conduct a skills assessment and incorporate strengths and thinking styles (in addition to technical expertise) into team formation.

QUESTIONS?

matthew.ford@gsa.gov



WINNER RSVP FORM



by Thursday, March 16

As one of this year's Federal 100, <u>you and a guest</u> are offered complimentary tickets to attend the Federal 100 Awards Gala.

Please send completed form to Christina Hong at chong@1105media.com. Your name badge will be required for admission to the event and will be available for pick up at the gala registration area.

WINNER INFORMATION

PLEASE LIST YOUR NAME AND COMPANY AS YOU WOULD LIKE ENGRAVED ON THE AWARD.

Winner Name:			
	First	Last	M.I.
Winner Company/Agency:			
Phone Number:		Email:	
Dietary Restrictions:			
		GUEST INFORMATION	
		YOU MAY BRING ONE GUEST AT NO CHARGE.	
Guest Name:			
	First	Last	М.І.
Guest Company/Agency (op	otional):		
Dietary Restrictions / Food /	Allergies:		

THANK YOU!

If you would like to invite more guests, you may contact Christina Hong directly for the *Additional Ticket Form* to purchase up to two additional tickets at \$150 each.

We look forward to seeing you on March 30, 2017 at the Federal 100 Awards Gala.

Please visit www.fcw.com/fed100 for more event details.

Congress of the United States

Washington, DC 20515

March 13, 2017

Mr. Timothy O. Horne Acting Administrator U.S. General Services Administration 1800 F Street, N.W. Washington, D.C. 20405

Dear Mr. Horne:

In 2015, for the first time, the U.S. Government Accountability Office (GAO) designated Improving the Management of Information Technology (IT) Acquisitions and Operations "high risk" in order to call attention to the challenges the government faces in delivering new IT systems. GAO continued the high-risk designation in 2017. One of GAO's key findings leading to the high risk designation was that the government spends less on modernization of IT and more on operations and maintenance (O&M) costs for legacy IT, making the government increasingly reliant on antiquated and expensive-to-maintain systems.

The federal government annually spends over \$80 billion on IT, but over 75 percent of this spending is for legacy IT.³ In fact, since FY 2010, agencies have increased spending on legacy IT, thereby crowding out spending on development, modernization, and enhancement activities.⁴

The Committees are continuing their oversight in the area of legacy IT that began during the 114th Congress. To assist and inform our work, we request information from your agency regarding the use of legacy IT that follows up on the Committees' requests in December 2015 and February 2016, and your agency's response to the Committees in 2016. The Committees are prepared to adequately safeguard any responsive information that your agency deems to be sensitive. Please provide the requested information below no later than April 3, 2017:

- 1. In the Committee's prior request, your agency was asked to identify the top three mission-critical IT systems in need of modernization. Please restate and update the information your agency provided in 2016:
 - a. If a planned date for modernization was provided, please confirm whether the agency is on track to meet this date. If not, explain why.
 - b. For each system, provide the amount your agency spent on operations and maintenance costs for the last three fiscal years.

¹ Gov't Accountability Office, *High Risk Series* (Feb. 2015) (GAO-15-290). ² Gov't Accountability Office, *High Risk Series* (Feb. 2017) (GAO-17-317).

³ Gov't Accountability Office, Federal Agencies Need to Address Legacy Systems (May 2016) (GAO-16-468).

- c. If any of these systems have been modernized or replaced, please estimate annual cost savings over the next three fiscal years that can be attributed to the modernization or replacement.
- 2. What are the oldest programming languages in use today at your agency (in particular, ASP, COBOL, FORTRAN, C, Assembly Language Code, and Visual Basic)? Please submit an update on previously provided information:
 - a. Restate and update the number of lines of codes your agency maintains as identified in your agency's response in early 2016.
 - b. How many staff are dedicated to maintaining these programming languages?
 - i. How many of these staff are contractors? If you are unable to provide an estimate of contractors, please provide an explanation as to why you are unable to provide this information.
 - c. How much was obligated to contracts supporting these programming languages over the last three fiscal years?
- 3. Please identify the top five oldest hardware and infrastructure components, by manufacturer, model number, year of production, and type of component (e.g., server, router, switch, etc.) at your agency today.
 - a. For each, provide a date for when you plan to replace or upgrade it and specify if there is not a specific date for modernization or replacement.
 - b. Identify which of these legacy hardware components house critical mission systems.
 - c. Identify which of these legacy hardware components house personally identifiable information.
 - d. Restate and update your response to this question from 2016 with the details requested above.
- 4. Does your agency use any software or operating systems no longer supported by the vendor?
 - a. Please provide the name and version of the software and the last date of support by the vendor. For example, Windows XP (released in 2001) was no longer supported by Microsoft as of April 2014.
 - b. If the software or operating systems are no longer supported by the vendor, how does the agency support this software?

- c. Please restate your agency's planned date to upgrade unsupported software and confirm whether this action was completed by the planned date. If not, explain why.
- 5. Please address the number of IT staff at your agency as follows:
 - a. What is the total number of federal IT employees at your agency? (Do not include contract IT full-time employees (FTE)).
 - b. What is the total number of contract IT FTE at your agency?
 - c. For agency staff, what is the average age of IT staff?
 - d. For agency staff, what is the turnover rate for the last three fiscal years?
 - e. When hiring federal employee IT staff, what education, training, and outside certifications are required?
 - f. When evaluating contracts for IT services, what education, training, and outside certifications are required for contractor IT staff?
- 6. Does your agency have any active IT contracts providing services for enterprise upgrades of unsupported hardware or software? If yes, please provide the following information for each contract:
 - a. Contract number and a short description of the project.
 - b. Total contract value (base year and any option years).
 - c. Total funding expensed toward contract as of January 31, 2017.
- 7. Does your agency have any active contracts for replacement legacy IT hardware and software systems? If yes, please provide the following information for each contract:
 - a. Contract number and a short description of the project.
 - b. Total contract value (base year and any option years).
 - c. Total funding expensed toward contract as of January 31, 2017.
- 8. Did your agency submit to OMB an Enterprise Roadmap for 2016, as stated in OMB's draft *IT Modernization Initiative* memo?⁵ If so, provide a copy of this Roadmap.

⁵ OMB Draft Memorandum "Information Technology Modernization Initiative". https://policy.cio.gov/it-modernization/approach/ (last visited February 23, 2017).

The House Committee on Oversight and Government Reform is the principal investigative committee in the U.S. House of Representatives. Pursuant to House Rule X, the Committee has authority to investigate "any matter" at "any time."

The Senate Committee on Homeland Security and Governmental Affairs is authorized by Rule XXV of the Standing Rules of the Senate to investigate "the efficiency, economy, and effectiveness of all agencies and departments of the Government." Additionally, S. Res. 62 (115th Congress) authorizes the Committee to examine "the efficiency and economy of all branches of the Government, including the possible existence of fraud, misfeasance, malfeasance, collusion, mismanagement, incompetence, corruption, or unethical practices."

Sincerely,

Jason Chaffetz

Chairman

Committee on Oversight and Government Reform

U.S. House of Representatives

Mark Meadows

Chairman

Subcommittee on Government Operations

U.S. House of Representatives

Will Hurd

Chairman

Subcommittee on Information Technology

U.S. House of Representatives

Ron Johnson

Chairman

Committee on Homeland Security and

om blace

Governmental Affairs

United States Senate

Tom Udall

United States Senate

Elijah **E.** Cummings

Ranking Member

Committee on Oversight and Government Reform

U.S. House of Representatives

Gerald E. Connolly

Ranking Member

Subcommittee on Government Operations

U. S. House of Representatives

Robin L. Kelly

Ranking Member

Subcommittee on Information Technology

U.S. House of Representatives

Claire McCaskill

Ranking Member

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Governmental Affairs

United States Senate

Jerry Moran

United States Senate

JOHN MCCAIN, ARIZONA ROB PORTMAN, OHIO RAND PAUL, KENTUCKY JAMES LANKFORD, OKLAHOMA MICHAEL B. ENZI, WYOMING JOHN HOEVEN, NORTH DAKOTA STEVE DAINES, MONTANA CLAIRE McCASKILL, MISSOURI THOMAS R. CARPER, DELAWARE JON TESTER, MONTANA HEIDI HETIKAMP, NORTH DAKOTA GARY C. PETERS, MICHIGAN MARGARET WOOD HASSAN, NEW HAMPSHIRE KAMAI A D. HARRIS CALIFORNIA

United States Senate

CHRISTOPHER R. HIXON, STAFF DIRECTOR MARGARET E. DAUM, MINORITY STAFF DIRECTOR

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS WASHINGTON, DC 20510–6250

March 14, 2017

Timothy O. Horne Acting Administrator General Services Administration 1800 F Street, NW Washington, DC 20405

Dear Mr. Horne:

I write to request information regarding the General Services Administration's (GSA) role in attempting to secure a government contractor to provide ethics and management training for the Trump Administration.

Media reports indicate that President Trump's transition team halted GSA's efforts to identify and hire a contractor to provide Trump Administration political appointees with training in management and ethics. On November 4, 2016, GSA issued a "Request for Quote" (RFQ) for the Presidential Appointee Orientation Program, which stated that the contractor should be an expert in "knowing how to work with others in the White House and across the Federal Government to get things done, effectively and ethically." The RFQ added that "The Contractor shall coordinate with appropriate Federal Agencies, as necessary, including, but not limited to the GSA, OPM, OMB, the Office of Government Ethics, and the National Archives and Records Administration, regarding presentations and materials that address those agencies' areas of responsibility." In addition to ethics training, the RFQ sought expertise in other critical areas of government management such as understanding the federal budget, Congressional relations, and effective strategies for outreach and public engagement. Congressional relations, and effective strategies for outreach and public engagement.

On January 11, 2017, days before President Trump's inauguration, GSA informed the companies that bid for the Presidential Appointee Orientation Program RFQ that their

¹ Trump's Team Nixed Ethics Course for White House Staff, Politico (Mar. 2, 2017) (online http://www.politico.com/story/2017/03/trump-ethics-white-house-235586).

² General Services Administration, Request for Quote – GSA Blanket Purchase Agreement – Presidential Appointee Orientation Program (RFQ No. QMAE-VS-170001-D) (Nov. 4, 2016).

 $^{^3}$ Id.

⁴ *Id*.

Timothy O. Horne March 14, 2017 Page 2

services were no longer needed. *CNN* reported that "the contracting officer for the Government Services Administration told those interested in the contract that the program was canceled." Reports indicate that GSA explained further that "As [a] result of a change in Presidential Transition Team leadership after the Nov. 8, 2016, election, there have been changes in the PTT's goals for the political appointee orientation program." Although the training program would have reportedly cost roughly \$1 million, the Trump transition team has said it was determined not to spend all of its transition funds, and it returned millions of dollars to the government.

Although the White House maintains that political appointees received "several sessions on ethics" the first weeks of the Trump Administration have been marked by significant ethical lapses that could have been addressed by the Presidential Appointee Orientation Program cancelled by the transition team. Most notably, during a February 9, 2017 interview on Fox News, Counselor to the President Kellyanne Conway encouraged viewers to "Go buy Ivanka [Trump]'s stuff" referring to the President's daughter's fashion line. Following this incident, Office of Government Ethics Director Walter Shaub, Jr. wrote the White House stating, "there is strong reason to believe that Ms. Conway has violated the Standards of Conduct Act and that disciplinary action is warranted." Despite this request, the White House informed Mr. Shaub that Ms. Conway was merely verbally counseled twice. No disciplinary action was taken.

The White House has also appeared to struggle with management and coordination across federal agencies. *Politico* reported that several Trump political appointees said they received "very little training and that the period between the election

⁵ Trump Transition Team Canceled Ethics Training Session, CNN (Mar. 2, 2017) (online http://www.cnn.com/2017/03/02/politics/white-house-ethics-training/).

⁶ Trump's Team Nixed Ethics Course for White House Staff, Politico (Mar. 2, 2017) (online http://www.politico.com/story/2017/03/trump-ethics-white-house-235586).

⁷ *Id*.

⁸ White House Lawyer Twice Briefed Conway on Ethics Rules Following Ivanka Product Pitch, Politico (Mar. 1, 2017) (online http://www.politico.com/story/2017/03/kellyanne-conway-ivanka-nordstrom-white-house-lawyer-235571).

⁹ Ethics Office Calls on White House to Discipline Conway, The Hill (Feb. 14, 2017) (online http://thehill.com/homenews/administration/319493-ethics-office-calls-on-white-house-to-discipline-conway).

¹⁰ Letter from Stefan Passantino, Deputy Counsel to the President, Compliance and Ethics, The White House to Walter Shaub, Jr., Director, U.S. Office of Government Ethics (Feb. 28, 2017).

Timothy O. Horne March 14, 2017 Page 3

and Inauguration Day was hectic." ¹¹ Public reports have indicated that prior to the President's issuance of various executive orders, the White House failed to consult with many of the agencies and lawmakers who are critical for their success. ¹² In addition, officials appear to have been inadequately prepared to work within existing laws and executive orders, among other issues "that have become major stumbling blocks in the early days of the administration." ¹³

In order to fully understand GSA's role in attempting to secure a contract for management and ethics training for the Trump transition team and why those efforts were halted, please provide a briefing for my office not later than March 30, 2017. The officials providing the briefing should also be prepared to discuss:

- 1. Communications with the Donald J. Trump Presidential campaign regarding presidential appointee orientation or otherwise securing ethics training for Trump Administration appointees between November 1, 2016 and present;
- 2. Communications between GSA officials and the Trump Presidential Transition Team regarding the presidential appointee orientation program RFQ or otherwise securing ethics training for incoming Trump Administration appointees between November 9, 2016 and present; and
- Communications between GSA officials and any contractor related to GSA's
 "Request for Quote GSA Blanket Purchase Agreement Presidential Appointee
 Orientation Program (RFQ No. QMAE-VS-170001-D)" or otherwise securing
 ethics training for Trump Administration appointees between November 4, 2016
 and present.

Should you have any questions regarding this inquiry, please contact Donald Sherman on my staff at Donald_Sherman@hsgac.senate.gov or by phone at (202) 224-2627. Thank you in advance for your prompt attention to this request.

Sincerely,

Claire McCaskill Ranking Member La Cashill

¹¹ Trump's Team Nixed Ethics Course for White House Staff, Politico (Mar. 2, 2017) (online http://www.politico.com/story/2017/03/trump-ethics-white-house-235586).

¹² *Id*.

¹³ *Id*.

Timothy O. Horne March 14, 2017 Page 4

ce: Ron Johnson

Chairman

9th Annual Charity Golf Tournament

Hosted by the Denver Federal Center Chapter of Federally Employed Women.

Proceeds benefit the Chapter & Local Area Charities



Saturday, June 17, 2017 7:30am Shotgun Start Applewood Golf Course Golden, CO

Check-In Begins at 6:30am Individual Player (18 and over)

- Early Bird until March 31, 2017 \$99.00
- After March 31st \$105.00

Tournament & Sponsorship Opportunities Available

Past Tournament Results and Photo Galleries http://www.dfcfew.org

OPEN TO THE PUBLIC!

Check-In Begins at 6:30am
Register for the 18-hole
Scramble that includes, Cart,
Range Balls, Light Breakfast,
Lunch and Prizes.



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A Budget Blueprint to Make America Great Again



Office of Management and Budget

America First

A Budget Blueprint to Make America Great Again



Office of Management and Budget

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GENERAL NOTES

- 1. All years referenced for economic data are calendar years unless otherwise noted. All years referenced for budget data are fiscal years unless otherwise noted.
- 2. At the time of this writing, only one of the annual appropriations bills for 2017 had been enacted (the Military Construction and Veterans Affairs Appropriations Act), as well as the Further Continuing and Security Assistance Appropriations Act, which provided 2017 discretionary funding for certain Department of Defense accounts; therefore, the programs provided for in the remaining 2017 annual appropriations bills were operating under a continuing resolution (Public Law 114-223, division C, as amended). For these programs, references to 2017 spending in the text and tables reflect the levels provided by the continuing resolution.
- 3. Details in the tables may not add to the totals due to rounding.
- 4. Web address: http://www.budget.gov

AMERICA FIRST

Beginning a New Chapter of American Greatness

A MESSAGE TO THE CONGRESS OF THE UNITED STATES:

The American people elected me to fight for their priorities in Washington, D.C. and deliver on my promise to protect our Nation. I fully intend to keep that promise.

One of the most important ways the Federal Government sets priorities is through the Budget of the United States.

Accordingly, I submit to the Congress this Budget Blueprint to reprioritize Federal spending so that it advances the safety and security of the American people.

Our aim is to meet the simple, but crucial demand of our citizens—a Government that puts the needs of its own people first. When we do that, we will set free the dreams of every American, and we will begin a new chapter of American greatness.

A budget that puts America first must make the safety of our people its number one priority—because without safety, there can be no prosperity.

That is why I have instructed my Budget Director, Mick Mulvaney, to craft a budget that emphasizes national security and public safety. That work is reflected in this Budget Blueprint. To keep Americans safe, we have made tough choices that have been put off for too long. But we have also made necessary investments that are long overdue.

My Budget Blueprint for 2018:

- provides for one of the largest increases in defense spending without increasing the debt;
- significantly increases the budget for immigration enforcement at the Department of Justice and the Department of Homeland Security;
- includes additional resources for a wall on the southern border with Mexico, immigration judges, expanded detention capacity, U.S. Attorneys, U.S. Immigration and Customs Enforcement, and Border Patrol;
- increases funding to address violent crime and reduces opioid abuse; and
- puts America first by keeping more of America's hard-earned tax dollars here at home.

The core of my first Budget Blueprint is the rebuilding of our Nation's military without adding to our Federal deficit. There is a \$54 billion increase in defense spending in 2018 that is offset by targeted reductions elsewhere. This defense funding is vital to rebuilding and preparing our Armed Forces for the future.

We must ensure that our courageous servicemen and women have the tools they need to deter war, and when called upon to fight, do only one thing: Win.

In these dangerous times, this public safety and national security Budget Blueprint is a message to the world—a message of American strength, security, and resolve.

This Budget Blueprint follows through on my promise to focus on keeping Americans safe, keeping terrorists out of our country, and putting violent offenders behind bars.

The defense and public safety spending increases in this Budget Blueprint are offset and paid for by finding greater savings and efficiencies across the Federal Government. Our Budget Blueprint insists on \$54 billion in reductions to non-Defense programs. We are going to do more with less, and make the Government lean and accountable to the people.

This includes deep cuts to foreign aid. It is time to prioritize the security and well-being of Americans, and to ask the rest of the world to step up and pay its fair share.

Many other Government agencies and departments will also experience cuts. These cuts are sensible and rational. Every agency and department will be driven to achieve greater efficiency and to eliminate wasteful spending in carrying out their honorable service to the American people.

I look forward to engaging the Congress and enacting this America First Budget.

Donald J. Trump

A Message from the Director, Office of Management and Budget

I am proud to introduce the "America First" Budget.

While recognizing this Blueprint is not the full Federal budget, it does provide lawmakers and the public with a view of the priorities of the President and his Administration.

The Federal budget is a complex document. However, working for a President committed to keeping his promises means my job is as simple as translating his words into numbers.

That is why you will find here a familiar focus on rebuilding and restoring our Nation's security. Under the Obama Administration, our shrinking military has been stretched far too thin. The military has been forced to make aging ships, planes, and other vehicles last well beyond their intended life spans. The President will reverse this dangerous trend. From rebuilding our Armed Forces to beefing up our border security and safeguarding our Nation's sovereignty, this Budget makes security priority one.

It does so while meeting another of the President's core commitments: addressing our Nation's priorities without sending future generations an even bigger credit card bill.

This 2018 Budget Blueprint will not add to the deficit. It has been crafted much the same way any American family creates its own budget while paying bills around their kitchen table; it makes hard choices.

The President's commitment to fiscal responsibility is historic. Not since early in President Reagan's first term have more tax dollars been saved and more Government inefficiency and waste been targeted. Every corner of the Federal budget is scrutinized, every program tested, every penny of taxpayer money watched over.

Our \$20 trillion national debt is a crisis, not just for the Nation, but for every citizen. Each American's share of this debt is more than \$60,000 and growing. It is a challenge of great stakes, but one the American people can solve. American families make tough decisions every day about their own budgets; it is time Washington does the same.

Mick Mulvaney

MAJOR AGENCY BUDGET HIGHLIGHTS

The 2018 Budget is being unveiled sequentially in that this Blueprint provides details only on our discretionary funding proposals. The full Budget that will be released later this spring will include our specific mandatory and tax proposals, as well as a full fiscal path.

For instance, the President has emphasized that one of his top priorities is modernizing the outdated infrastructure that the American public depends upon. To spearhead his infrastructure initiative, the President has tapped a group of infrastructure experts to evaluate investment options along with commonsense regulatory, administrative, organizational, and policy changes to encourage investment and speed project delivery. Through this initiative, the President is committed to making sure that taxpayer dollars are expended for the highest return projects and that all levels of government maximize leverage to get the best deals and exercise vigorous oversight. The Administration will provide more budgetary, tax, and legislative details in the coming months.

In the chapters that follow, Budget highlights are presented for major agencies. Consistent

with the President's approach to move the Nation toward fiscal responsibility, the Budget eliminates and reduces hundreds of programs and focuses funding to redefine the proper role of the Federal Government.

The Budget also proposes to eliminate funding for other independent agencies, including: the African Development Foundation; Appalachian Regional Commission: Chemical Safety Board; the Corporation for National and Community Service; the Corporation for Public Broadcasting; the Delta Regional Authority; the Denali Commission; the Institute of Museum and Library Services; the Inter-American Foundation; the U.S. Trade and Development Agency; the Legal Services Corporation; the National Endowment for the Arts; the National Endowment for the Humanities; the Neighborhood Reinvestment Corporation; the Northern Border Regional Commission; the Overseas Private Investment Corporation; the United States Institute of Peace: the United States Interagency Council on Homelessness; and the Woodrow Wilson International Center for Scholars.

MANAGEMENT

Making Government Work Again

The Federal Government can—and should—operate more effectively, efficiently, and securely. For decades, leaders on both sides of the aisle have talked about the need to make Government work better. The President is taking bold action now to make Government work again for the American people.

As one of his first acts as President, on January 23, 2017, the President issued a memorandum imposing a Federal "Hiring Freeze" and requiring a long-term plan to reduce the size of the Federal Government's workforce. In addition, on March 13, 2017, the President signed Executive Order 13781 establishing a "Comprehensive Plan for Reorganizing the Executive Branch," which set in motion the important work of reorganizing executive departments and agencies. These two actions are complementary and plans should reflect both Presidential actions. Legislation will be required before major reorganization of the Executive Branch can take place, but the White House is best situated to review and recommend changes to the Congress. In roughly a year, the Congress will receive from the President and the Director of the Office of Management and Budget (OMB) a comprehensive plan for reorganization proposals. The White House will work closely with congressional committees with jurisdiction over Government organization to ensure the needed reforms actually happen.

Simultaneously, the Administration will develop the President's Management Agenda focused on achieving significant improvements in the effectiveness of its core management functions. The President's Management Agenda will set goals in areas that are critical to improving the Federal Government's effectiveness, efficiency, cybersecurity, and accountability. The Administration will take action to ensure that by 2020 we will be able to say the following:

- 1. Federal agencies are managing programs and delivering critical services more effectively. Administration will take an evidencebased approach to improving programs and services—using real, hard data to identify poorly performing organizations and programs. We will hold program managers accountable for improving performance and delivering high-quality and timely services to the American people and businesses. We will use all tools available and create new ones as needed to ensure the workforce is appropriately prepared.
- 2. Federal agencies are devoting a greater percentage of taxpayer to mission achievement dollars rather than costly, unproductive compliance activities. management improvement initiatives resulted in the creation of hundreds of guidance documents aimed at improving Government management by adding requirements to information human technology capital, (IT),acquisition, financial management, and real property. Furthermore, these Government-wide policies often agencies' hands and keep managers from making commonsense decisions.

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As a result, costs often increase without corresponding benefits. The Administration will roll back low-value activities and let managers manage, while holding them accountable for finding ways to reduce the cost of agency operations. As part of this effort, OMB will review requirements placed on agencies and identify areas to reduce obsolete, low-value requirements.

3. Federal agencies are more effective and efficient in supporting program outcomes. Delivering high-performing program results and services to citizens and businesses depends on effective and efficient mission support services. However, despite years of efforts to improve these critical management processes, managers remain frustrated with hiring methodologies that do not consistently bring in top talent, acquisition approaches that are too cumbersome, and IT that is outdated by the time it is

deployed. The Administration will use available data to develop targeted solutions to problems Federal managers face, and begin fixing them directly by sharing and adopting leading practices from the private and public sectors. Among the areas that will be addressed are how agencies buy goods and services, hire talent, use their real property, pay their bills, and utilize technology.

4. Agencies have been held accountable for improving performance. All Federal agencies will be responsible for reporting critical performance metrics and showing demonstrable improvement. OMB will also regularly review agency progress in implementing these reforms to ensure there is consistent improvement.

Through this bold agenda, we will improve the effectiveness, efficiency, cybersecurity, and accountability of the Federal Government and make government work again.

REGULATION

Cutting Burdensome Regulations

The American people deserve a regulatory system that works for them, not against them—a system that is both effective and efficient.

Each year, however, Federal agencies issue thousands of new regulations that, taken together, impose substantial burdens on American consumers and businesses big and small. These burdens function much like taxes that unnecessarily inhibit growth and employment. Many regulations, though well intentioned, do not achieve their intended outcomes, are not structured in the most cost-effective manner, and often have adverse, unanticipated consequences. Many more regulations that have been on the books for years—even if they made sense at the time—have gone unexamined and may no longer be effective or necessary.

The President is committed to fixing these problems by eliminating unnecessary and wasteful regulations. To that end, the President has already taken three significant steps:

1. Regulatory freeze. On January 20, 2017, the President's Chief of Staff issued a memorandum to all agencies, directing them to pull back any regulations that had been sent to, but not yet published by, the Office of the Federal Register; to not publish any new regulations unless approved by an Administration political appointee; and to delay the effective date of any pending regulations for 60 days to provide the Administration time to review and reconsider those regulations. Federal agencies responded by pulling

back, delaying, and not publishing all possible regulations.

Controlling costs and eliminating unnecessary regulations. On January 30, 2017, the President signed Executive Order 13771,"Reducing Regulation Controlling Regulatory Costs." and This Executive Order represents fundamental change in the regulatory state. It requires Federal agencies to eliminate at least two existing regulations for each new regulation they issue. It also requires agencies to ensure that for 2017, the total incremental cost of all new regulations be no greater than \$0. For 2018 and beyond, the Order establishes and institutionalizes a disciplined process for imposing regulatory cost caps for each Federal agency.

The significant structural reforms instituted by this Executive Order provide the necessary framework for Federal agencies to carry out the President's bold regulatory reform agenda.

3. Enforcing the regulatory reform agenda. As a successful businessman, the President knows that achievement requires accountability. That basic principle is the reason the President signed Executive Order 13777, "Enforcing the Regulatory Reform Agenda," on February 24, 2017. This Order establishes within each agency a Regulatory Reform Officer and a Regulatory Reform Task Force to carry out the President's regulatory reform priorities. These new teams will

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work hard to identify regulations that eliminate jobs or inhibit job creation; are outdated, unnecessary, or ineffective; or impose costs that exceed benefits.

They will also be responsible for ensuring that agencies comply with the President's instruction to eliminate two regulations for each new regulation; impose no new incremental costs through regulation; and undertake efforts to repeal, replace, or modify existing regulations.

This Order builds upon a widely recognized and bi-partisan consensus that many existing regulations are likely to be ineffective and no longer necessary, and explicitly builds upon the retrospective review efforts initiated through Executive Order 13563. The difference, however, is accountability, and these teams will be a critical means by which Federal agencies will identify and cut regulations in a smart and efficient manner.

The President recently told Americans, "The era of empty talk is over." When it comes to regulatory reform, it is abundantly clear that the President means business. The President has put into place truly significant new structural mechanisms that will help to ensure that major regulatory reforms are finally achieved on behalf of the hardworking and forgotten men and women of America.

The Office of Information and Regulatory Affairs within OMB is already working hard to support the implementation of these critical new reforms, and it looks forward to making sure that they are fully and successfully implemented over the coming months and years.



DEPARTMENT OF AGRICULTURE

The Department of Agriculture (USDA) provides leadership to promote sustainable agricultural production, protect the long-term availability of food through innovative research, and safeguard the health and productivity of the Nation's forests, grasslands, and private working lands based on sound public policy and efficient management. USDA also works to ensure food safety, provide nutrition assistance, and support rural communities. The Budget request supports core Departmental and mission critical activities while streamlining, reducing, or eliminating duplicative, redundant, or lower priority programs where the Federal role competes with the private sector or other levels of government.

The President's 2018 Budget requests \$17.9 billion for USDA, a \$4.7 billion or 21 percent decrease from the 2017 annualized continuing resolution (CR) level (excluding funding for P.L. 480 Title II food aid which is reflected in the Department of State and USAID budget).

- Safeguards the Nation's supply of meat, poultry, and egg products by fully funding the Food Safety and Inspection Service, which employs more than 8,000 in-plant and other frontline personnel who protect public health in approximately 6,400 federally inspected slaughter and processing establishments nationwide.
- Provides \$6.2 billion to serve all projected participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). WIC provides grants to States for supplemental foods, health care referrals, and nutrition education for low-income pregnant and postpartum women, infants, and children who are at nutritional risk.
- Fully funds wildland fire preparedness and suppression activities at \$2.4 billion, 100 percent of the 10-year average for suppression operations, to ensure the resources necessary to protect life and property.
- Reduces funding for lower priority activities in the National Forest System, such as major new Federal land acquisition; instead, the Budget focuses on maintaining existing forests and grasslands.
- Continues to support farmer-focused research and extension partnerships at land-grant universities
 and provides about \$350 million for USDA's flagship competitive research program. In addition, the
 Budget focuses in-house research funding within the Agricultural Research Service to the highest

priority agriculture and food issues such as increasing farming productivity, sustaining natural resources, including those within rural communities, and addressing food safety and nutrition priorities.

- Reduces funding for USDA's statistical capabilities, while maintaining core Departmental analytical functions, such as the funding necessary to complete the Census of Agriculture.
- Eliminates the duplicative Water and Wastewater loan and grant program, a savings of \$498 million from the 2017 annualized CR level. Rural communities can be served by private sector financing or other Federal investments in rural water infrastructure, such as the Environmental Protection Agency's State Revolving Funds.
- Reduces staffing in USDA's Service Center Agencies to streamline county office operations, reflect reduced Rural Development workload, and encourage private sector conservation planning.
- Reduces duplicative and underperforming programs by eliminating discretionary activities of the Rural Business and Cooperative Service, a savings of \$95 million from the 2017 annualized CR level.
- Eliminates the McGovern-Dole International Food for Education program, which lacks evidence that it is being effectively implemented to reduce food insecurity.



DEPARTMENT OF COMMERCE

The Department of Commerce promotes job creation and economic growth by ensuring fair and secure trade, providing the data necessary to support commerce, and fostering innovation by setting standards and conducting foundational research and development. The Budget prioritizes and protects investments in core Government functions such as preparing for the 2020 Decennial Census, providing the observational infrastructure and staff necessary to produce timely and accurate weather forecasts, supporting the Government's role in managing marine resources and ocean and coastal navigation, and enforcing laws that promote fair and secure trade. The Budget also reduces or eliminates grant programs that have limited impact and reflect an expansion beyond core missions of the bureaus.

The President's 2018 Budget requests \$7.8 billion for the Department of Commerce, a \$1.5 billion or 16 percent decrease from the 2017 annualized CR level.

- Strengthens the International Trade Administration's trade enforcement and compliance functions, including the anti-dumping and countervailing duty investigations, while rescaling the agency's export promotion and trade analysis activities.
- Provides \$1.5 billion, an increase of more than \$100 million, for the U.S. Census Bureau to continue preparations for the 2020 Decennial Census. This additional funding prioritizes fundamental investments in information technology and field infrastructure, which would allow the bureau to more effectively administer the 2020 Decennial Census.
- Consolidates the mission, policy support, and administrative functions of the Economics and Statistics Administration within the Bureau of Economic Analysis, the U.S. Census Bureau, and the Department of Commerce's Office of the Secretary.
- Eliminates the Economic Development Administration, which provides small grants with limited measurable impacts and duplicates other Federal programs, such as Rural Utilities Service grants at the U.S. Department of Agriculture and formula grants to States from the Department of Transportation. By terminating this agency, the Budget saves \$221 million from the 2017 annualized CR level.

- Eliminates the Minority Business Development Agency, which is duplicative of other Federal, State, local, and private sector efforts that promote minority business entrepreneurship including Small Business Administration District Offices and Small Business Development Centers.
- Saves \$124 million by discontinuing Federal funding for the Manufacturing Extension Partnership (MEP) program, which subsidizes up to half the cost of State centers, which provide consulting services to small- and medium-size manufacturers. By eliminating Federal funding, MEP centers would transition solely to non-Federal revenue sources, as was originally intended when the program was established.
- Zeroes out over \$250 million in targeted National Oceanic and Atmospheric Administration (NOAA) grants and programs supporting coastal and marine management, research, and education including Sea Grant, which primarily benefit industry and State and local stakeholders. These programs are a lower priority than core functions maintained in the Budget such as surveys, charting, and fisheries management.
- Maintains the development of NOAA's current generation of polar orbiting and geostationary
 weather satellites, allowing the Joint Polar Satellite System and Geostationary Operational
 Environmental Satellite programs to remain on schedule in order to provide forecasters with
 critical weather data to help protect life and property.
- Achieves annual savings from NOAA's Polar Follow On satellite program from the current program of record by better reflecting the actual risk of a gap in polar satellite coverage, and provides additional opportunities to improve robustness of the low earth orbit satellite architecture by expanding the utilization of commercially provided data to improve weather models.
- Maintains National Weather Service forecasting capabilities by investing more than \$1 billion while continuing to promote efficient and effective operations.
- Continues to support the National Telecommunications and Information Administration (NTIA) in representing the United States interest at multi-stakeholder forums on internet governance and digital commerce. The Budget supports the commercial sector's development of next generation wireless services by funding NTIA's mission of evaluating and ensuring the efficient use of spectrum by Government users.



DEPARTMENT OF DEFENSE

The Department of Defense (DOD) provides the military forces needed to deter war and to protect the security of the United States. The budget for DOD ends the depletion of our military and pursues peace through strength, honoring the Federal Government's first responsibility: to protect the Nation. It fully repeals the defense sequestration, while providing the needed resources for accelerating the defeat of the Islamic State of Iraq and Syria (ISIS) and for beginning to rebuild the U.S. Armed Forces.

The President's 2018 Budget requests \$639 billion for DOD, a \$52 billion increase from the 2017 annualized CR level. The total includes \$574 billion for the base budget, a 10 percent increase from the 2017 annualized CR level, and \$65 billion for Overseas Contingency Operations.

- Repeals the defense sequestration by restoring \$52 billion to DOD, as well as \$2 billion to other national defense programs outside DOD, for a \$54 billion total increase for national defense discretionary budget authority above the sequestration level budget cap. When the Budget Control Act (BCA) of 2011 was enacted, the defense sequestration was not meant to occur, yet it has never been fully repealed. This has resulted in nearly \$200 billion of national defense cuts since 2013 and over \$200 billion of further projected cuts through 2021, relative to the original BCA caps alone. Reversing this indiscriminate neglect of the last administration is not only a fulfillment of the President's promise, but it is also a requirement if this Nation's security is to be maintained. The military's depletion under President Obama is our foremost challenge. The President's 2018 Budget ends the arbitrary depletion of our strength and security, and begins to rebuild the U.S. Armed Forces.
- Increases DOD's budget authority by \$52 billion above the current 2017 level of \$587 billion. This increase alone exceeds the entire defense budget of most countries, and would be one of the largest one-year DOD increases in American history. It is exceeded only by the peak increases of the Reagan Administration and a few of the largest defense increases during the World Wars and the conflicts in Korea, Vietnam, Iraq, and Afghanistan (in constant dollars, based on GDP chained price index). Unlike spending increases for war, which mostly consume resources in combat, the increases in the President's Budget primarily invest in a stronger military.

- Provides the resources needed to accelerate the defeat of ISIS. The Budget ensures that DOD
 has the tools to stop ISIS from posing a threat to the United States by funding the Department's
 critical efforts to strike ISIS targets, support our partners fighting on the ground, disrupt ISIS'
 external operations, and cut off its financing.
- Addresses urgent warfighting readiness needs. Fifteen years of conflict, accompanied in recent years by budget cuts, have stressed the Armed Forces. The President's Budget would ensure we remain the best led, best equipped, and most ready force in the world.
- Begins to rebuild the U.S. Armed Forces by addressing pressing shortfalls, such as insufficient stocks of critical munitions, personnel gaps, deferred maintenance and modernization, cyber vulnerabilities, and degraded facilities. The military must reset war losses, address recapitalization and maintenance requirements, and recover from years of deferred investment forced by budget cuts. The President's Budget would ensure the Armed Forces have the training, equipment, and infrastructure they need.
- Lays the groundwork for a larger, more capable, and more lethal joint force, driven by a new National Defense Strategy that recognizes the need for American superiority not only on land, at sea, in the air, and in space, but also in cyberspace. As the world has become more dangerous—through the rise of advanced potential adversaries, the spread of destructive technology, and the expansion of terrorism—our military has gotten smaller and its technological edge has eroded. The President's Budget begins to put an end to this trend, reversing force reductions and restoring critical investments.
- Initiates an ambitious reform agenda to build a military that is as effective and efficient as possible, and underscores the President's commitment to reduce the costs of military programs wherever feasible.
- Strengthens the U.S. Army by rebuilding readiness, reversing end strength reductions, and preparing for future challenges. This Budget is an initial step toward restoring an Army that has been stressed by high operational demand and constrained funding levels in recent years.
- Rebuilds the U.S. Navy to better address current and future threats by increasing the total number of ships. This Budget reflects a down payment on the President's commitment to expanding the fleet.
- Ensures a ready and fully equipped Marine Corps. The Budget lays the foundation for a force that meets the challenges of the 21st Century.
- Accelerates Air Force efforts to improve tactical air fleet readiness, ensure technical superiority, and repair aging infrastructure. Key investments in maintenance capacity, training systems, and additional F-35 Joint Strike Fighters would enable the Air Force, which is now the smallest it has been in history, to counter the growing number of complex threats from sophisticated state actors and transnational terrorist groups.



DEPARTMENT OF EDUCATION

The Department of Education promotes improving student achievement and access to opportunity in elementary, secondary, and postsecondary education. The Department would refocus its mission on supporting States and school districts in their efforts to provide high quality education to all our students. Also, it would focus on streamlining and simplifying funding for college, while continuing to help make college education more affordable. The 2018 Budget places power in the hands of parents and families to choose schools that are best for their children by investing an additional \$1.4 billion in school choice programs. It continues support for the Nation's most vulnerable populations, such as students with disabilities. Overall, the Department would support these investments and carry out its core mission while lowering costs to the taxpayer by reducing or eliminating funding for programs that are not effective, that duplicate other efforts, or that do not serve national needs.

The President's 2018 Budget provides \$59 billion in discretionary funding for the Department of Education, a \$9 billion or 13 percent reduction below the 2017 annualized CR level.

- Increases investments in public and private school choice by \$1.4 billion compared to the 2017 annualized CR level, ramping up to an annual total of \$20 billion, and an estimated \$100 billion including matching State and local funds. This additional investment in 2018 includes a \$168 million increase for charter schools, \$250 million for a new private school choice program, and a \$1 billion increase for Title I, dedicated to encouraging districts to adopt a system of student-based budgeting and open enrollment that enables Federal, State, and local funding to follow the student to the public school of his or her choice.
- Maintains approximately \$13 billion in funding for IDEA programs to support students with special education needs. This funding provides States, school districts, and other grantees with the resources needed to provide high quality special education and related services to students and young adults with disabilities.
- Eliminates the \$2.4 billion Supporting Effective Instruction State Grants program, which is poorly targeted and spread thinly across thousands of districts with scant evidence of impact.
- Eliminates the 21st Century Community Learning Centers program, which supports beforeand after-school programs as well as summer programs, resulting in savings of \$1.2 billion from the 2017 annualized CR level. The programs lacks strong evidence of meeting its objectives, such as improving student achievement.

- Eliminates the Federal Supplemental Educational Opportunity Grant program, a less well-targeted way to deliver need-based aid than the Pell Grant program, to reduce complexity in financial student aid and save \$732 million from the 2017 annualized CR level.
- Safeguards the Pell Grant program by level funding the discretionary appropriation while proposing a cancellation of \$3.9 billion from unobligated carryover funding, leaving the Pell program on sound footing for the next decade.
- Protects support for Historically Black Colleges and Universities and Minority-Serving Institutions, which provide opportunities for communities that are often underserved, maintaining \$492 million in funding for programs that serve high percentages of minority students.
- Reduces Federal Work-Study significantly and reforms the poorly-targeted allocation to ensure funds go to undergraduate students who would benefit most.
- Provides \$808 million for the Federal TRIO Programs and \$219 million for GEAR UP, resulting in savings of \$193 million from the 2017 annualized CR level. Funding to TRIO programs is reduced in areas that have limited evidence on the overall effectiveness in improving student outcomes. The Budget funds GEAR UP continuation awards only, pending the completion of an upcoming rigorous evaluation of a portion of the program.
- Eliminates or reduces over 20 categorical programs that do not address national needs, duplicate other programs, or are more appropriately supported with State, local, or private funds, including Striving Readers, Teacher Quality Partnership, Impact Aid Support Payments for Federal Property, and International Education programs.



DEPARTMENT OF ENERGY

The Department of Energy (DOE) is charged with ensuring the Nation's security and prosperity by addressing its energy, environmental, and nuclear challenges through transformative science and technology solutions. The Budget for DOE demonstrates the Administration's commitment to reasserting the proper role of what has become a sprawling Federal Government and reducing deficit spending. It reflects an increased reliance on the private sector to fund later-stage research, development, and commercialization of energy technologies and focuses resources toward early-stage research and development. It emphasizes energy technologies best positioned to enable American energy independence and domestic job-growth in the near to mid-term. It also ensures continued progress on cleaning up sites contaminated from nuclear weapons production and energy research and includes a path forward to accelerate progress on the disposition of nuclear waste. At the same time, the Budget demonstrates the Administration's strong support for the United States' nuclear security enterprise and ensures that we have a nuclear force that is second to none.

The President's 2018 Budget requests \$28.0 billion for DOE, a \$1.7 billion or 5.6 percent decrease from the 2017 annualized CR level. The Budget would strengthen the Nation's nuclear capability by providing a \$1.4 billion increase above the 2017 annualized CR level for the National Nuclear Security Administration, an 11 percent increase.

- Provides \$120 million to restart licensing activities for the Yucca Mountain nuclear waste repository and initiate a robust interim storage program. These investments would accelerate progress on fulfilling the Federal Government's obligations to address nuclear waste, enhance national security, and reduce future taxpayer burden.
- Supports the goals of moving toward a responsive nuclear infrastructure and advancing the existing program of record for warhead life extension programs through elimination of defense sequestration for the National Nuclear Security Administration (NNSA).
- Enables NNSA to begin to address its critical infrastructure maintenance backlog.
- Protects human health and the environment by providing \$6.5 billion to advance the Environmental Management program mission of cleaning up the legacy of waste and contamination from energy research and nuclear weapons production, including addressing excess facilities to support modernization of the nuclear security enterprise.
- Eliminates the Advanced Research Projects Agency-Energy, the Title 17 Innovative Technology Loan Guarantee Program, and the Advanced Technology Vehicle Manufacturing Program because

- the private sector is better positioned to finance disruptive energy research and development and to commercialize innovative technologies.
- Ensures the Office of Science continues to invest in the highest priority basic science and energy research and development as well as operation and maintenance of existing scientific facilities for the community. This includes a savings of approximately \$900 million compared to the 2017 annualized CR level.
- Focuses funding for the Office of Energy Efficiency and Renewable Energy, the Office of Nuclear Energy, the Office of Electricity Delivery and Energy Reliability, and the Fossil Energy Research and Development program on limited, early-stage applied energy research and development activities where the Federal role is stronger. In addition, the Budget eliminates the Weatherization Assistance Program and the State Energy Program to reduce Federal intervention in State-level energy policy and implementation. Collectively, these changes achieve a savings of approximately \$2 billion from the 2017 annualized CR level.
- Supports the Office of Electricity Delivery and Energy Reliability's capacity to carry out cybersecurity and grid resiliency activities that would help harden and evolve critical grid infrastructure that the American people and the economy rely upon.
- Continues the necessary research, development, and construction to support the Navy's current nuclear fleet and enhance the capabilities of the future fleet.



DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department of Health and Human Services (HHS) works to enhance the health and well-being of Americans by providing effective health and human services and by fostering sound, sustained advances in the sciences underlying medicine, public health, and social services. The Budget supports the core mission of HHS through the most efficient and effective health and human service programs. In 2018, HHS funds the highest priorities, such as: health services through community health centers, Ryan White HIV/AIDS providers, and the Indian Health Service; early care and education; and medical products review and innovation. In addition, it funds urgent public health issues, such as prescription drug overdose, and program integrity for Medicare and Medicaid. The Budget eliminates programs that are duplicative or have limited impact on public health and well-being. The Budget allows HHS to continue to support priority activities that reflect a new and sustainable approach to long-term fiscal stability across the Federal Government.

The President's 2018 Budget requests \$69.0 billion for HHS, a \$15.1 billion or 17.9 percent decrease from the 2017 annualized CR level. This funding level excludes certain mandatory spending changes but includes additional funds for program integrity and implementing the 21st Century CURES Act.

- Supports direct health care services, such as those delivered by community health centers, Ryan White HIV/AIDS providers, and the Indian Health Service. These safety net providers deliver critical health care services to low-income and vulnerable populations.
- Strengthens the integrity and sustainability of Medicare and Medicaid by investing in activities to prevent fraud, waste, and abuse and promote high quality and efficient health care. Additional funding for the Health Care Fraud and Abuse Control (HCFAC) program has allowed the Centers for Medicare & Medicaid Services in recent years to shift away from a "pay-and-chase" model toward identifying and preventing fraudulent or improper payments from being paid in the first place. The return on investment for the HCFAC account was \$5 returned for every \$1 expended from 2014-2016. The Budget proposes HCFAC discretionary funding of \$751 million in 2018, which is \$70 million higher than the 2017 annualized CR level.
- Supports efficient operations for Medicare, Medicaid, and the Children's Health Insurance Program and focuses spending on the highest priority activities necessary to effectively operate these programs.

- Supports substance abuse treatment services for the millions of Americans struggling with substance abuse disorders. The opioid epidemic, which took more than 33,000 lives in calendar year 2015, has a devastating effect on America's families and communities. In addition to funding Substance Abuse and Mental Health Services Administration substance abuse treatment activities, the Budget also includes a \$500 million increase above 2016 enacted levels to expand opioid misuse prevention efforts and to increase access to treatment and recovery services to help Americans who are misusing opioids get the help they need.
- Recalibrates Food and Drug Administration (FDA) medical product user fees to over \$2 billion in 2018, approximately \$1 billion over the 2017 annualized CR level, and replaces the need for new budget authority to cover pre-market review costs. To complement the increase in medical product user fees, the Budget includes a package of administrative actions designed to achieve regulatory efficiency and speed the development of safe and effective medical products. In a constrained budget environment, industries that benefit from FDA's approval can and should pay for their share.
- Reduces the National Institutes of Health's (NIH) spending relative to the 2017 annualized CR level by \$5.8 billion to \$25.9 billion. The Budget includes a major reorganization of NIH's Institutes and Centers to help focus resources on the highest priority research and training activities, including: eliminating the Fogarty International Center; consolidating the Agency for Healthcare Research and Quality within NIH; and other consolidations and structural changes across NIH organizations and activities. The Budget also reduces administrative costs and rebalance Federal contributions to research funding.
- Reforms key public health, emergency preparedness, and prevention programs. For example, the Budget restructures similar HHS preparedness grants to reduce overlap and administrative costs and directs resources to States with the greatest need. The Budget also creates a new Federal Emergency Response Fund to rapidly respond to public health outbreaks, such as Zika Virus Disease. The Budget also reforms the Centers for Disease Control and Prevention through a new \$500 million block grant to increase State flexibility and focus on the leading public health challenges specific to each State.
- Invests in mental health activities that are awarded to high-performing entities and focus on high priority areas, such as suicide prevention, serious mental illness, and children's mental health.
- Eliminates \$403 million in health professions and nursing training programs, which lack evidence that they significantly improve the Nation's health workforce. The Budget continues to fund health workforce activities that provide scholarships and loan repayments in exchange for service in areas of the United States where there is a shortage of health professionals.
- Eliminates the discretionary programs within the Office of Community Services, including the Low Income Home Energy Assistance Program (LIHEAP) and the Community Services Block Grant (CSBG), a savings of \$4.2 billion from the 2017 annualized CR level. Compared to other income support programs that serve similar populations, LIHEAP is a lower-impact program and is unable to demonstrate strong performance outcomes. CSBG funds services that are duplicative of other Federal programs, such as emergency food assistance and employment services, and is also a limited-impact program.



DEPARTMENT OF HOMELAND SECURITY

The Department of Homeland Security (DHS) has a vital mission: to secure the Nation from the many threats it faces. This requires the dedication of more than 240,000 employees in jobs that ensure the security of the U.S. borders, support the integrity of its immigration system, protect air travelers and national leaders, reduce the threat of cyber attacks, and stand prepared for emergency response and disaster recovery. The Budget prioritizes DHS law enforcement operations, proposes critical investments in frontline border security, and funds continued development of strong cybersecurity defenses. The Budget would aggressively implement the President's commitment to construct a physical wall along the southern border as directed by his January 25, 2017 Executive Order, and ensures robust funding for other important DHS missions.

The President's 2018 Budget requests \$44.1 billion in net discretionary budget authority for DHS, a \$2.8 billion or 6.8 percent increase from the 2017 annualized CR level. The Budget would allocate \$4.5 billion in additional funding for programs to strengthen the security of the Nation's borders and enhance the integrity of its immigration system. This increased investment in the Nation's border security and immigration enforcement efforts now would ultimately save Federal resources in the future.

- Secures the borders of the United States by investing \$2.6 billion in high-priority tactical infrastructure and border security technology, including funding to plan, design, and construct a physical wall along the southern border as directed by the President's January 25, 2017 Executive Order. This investment would strengthen border security, helping stem the flow of people and drugs illegally crossing the U.S. borders.
- Advances the President's plan to strengthen border security and immigration enforcement with \$314 million to recruit, hire, and train 500 new Border Patrol Agents and 1,000 new Immigration and Customs Enforcement law enforcement personnel in 2018, plus associated support staff. These new personnel would improve the integrity of the immigration system by adding capacity to interdict those aliens attempting to cross the border illegally, as well as to identify and remove those already in the United States who entered illegally.
- Enhances enforcement of immigration laws by proposing an additional \$1.5 billion above the 2017 annualized CR level for expanded detention, transportation, and removal of illegal immigrants.

These funds would ensure that DHS has sufficient detention capacity to hold prioritized aliens, including violent criminals and other dangerous individuals, as they are processed for removal.

- Invests \$15 million to begin implementation of mandatory nationwide use of the E-Verify Program, an internet-based system that allows businesses to determine the eligibility of their new employees to work in the United States. This investment would strengthen the employment verification process and reduce unauthorized employment across the U.S.
- Safeguards cyberspace with \$1.5 billion for DHS activities that protect Federal networks and critical infrastructure from an attack. Through a suite of advanced cyber security tools and more assertive defense of Government networks, DHS would share more cybersecurity incident information with other Federal agencies and the private sector, leading to faster responses to cybersecurity attacks directed at Federal networks and critical infrastructure.
- Restructures selected user fees for the Transportation Security Administration (TSA) and the National Flood Insurance Program (NFIP) to ensure that the cost of Government services is not subsidized by taxpayers who do not directly benefit from those programs. The Budget proposes to raise the Passenger Security Fee to recover 75 percent of the cost of TSA aviation security operations. The Budget proposes eliminating the discretionary appropriation for the NFIP's Flood Hazard Mapping Program, a savings of \$190 million, to instead explore other more effective and fair means of funding flood mapping efforts.
- Eliminates or reduces State and local grant funding by \$667 million for programs administered by the Federal Emergency Management Agency (FEMA) that are either unauthorized by the Congress, such as FEMA's Pre-Disaster Mitigation Grant Program, or that must provide more measurable results and ensure the Federal Government is not supplanting other stakeholders' responsibilities, such as the Homeland Security Grant Program. For that reason, the Budget also proposes establishing a 25 percent non-Federal cost match for FEMA preparedness grant awards that currently require no cost match. This is the same cost-sharing approach as FEMA's disaster recovery grants. The activities and acquisitions funded through these grant programs are primarily State and local functions.
- Eliminates and reduces unauthorized and underperforming programs administered by TSA in order to strengthen screening at airport security checkpoints, a savings of \$80 million from the 2017 annualized CR level. These savings include reductions to the Visible Intermodal Prevention and Response program, which achieves few Federal law enforcement priorities, and elimination of TSA grants to State and local jurisdictions, a program intended to incentivize local law enforcement patrols that should already be a high priority for State and local partners. In addition, the Budget reflects TSA's decision in the summer of 2016 to eliminate the Behavior Detection Officer program, reassigning all of those personnel to front line airport security operations. Such efforts refocus TSA on its core mission of protecting travelers and ensuring Federal security standards are enforced throughout the transportation system.



DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The Department of Housing and Urban Development (HUD) promotes decent, safe, and affordable housing for Americans and provides access to homeownership opportunities. This Budget reflects the President's commitment to fiscal responsibility while supporting critical functions that provide rental assistance to low-income and vulnerable households and help work-eligible families achieve self-sufficiency. The Budget also recognizes a greater role for State and local governments and the private sector to address community and economic development needs.

The President's 2018 Budget requests \$40.7 billion in gross discretionary funding for HUD, a \$6.2 billion or 13.2 percent decrease from the 2017 annualized CR level.

- Provides over \$35 billion for HUD's rental assistance programs and proposes reforms that reduce costs while continuing to assist 4.5 million low-income households.
- Eliminates funding for the Community Development Block Grant program, a savings of \$3 billion from the 2017 annualized CR level. The Federal Government has spent over \$150 billion on this block grant since its inception in 1974, but the program is not well-targeted to the poorest populations and has not demonstrated results. The Budget devolves community and economic development activities to the State and local level, and redirects Federal resources to other activities.
- Promotes fiscal responsibility by eliminating funding for a number of lower priority programs, including the HOME Investment Partnerships Program, Choice Neighborhoods, and the Self-help Homeownership Opportunity Program, a savings of over \$1.1 billion from the 2017 annualized CR level. State and local governments are better positioned to serve their communities based on local needs and priorities.
- Promotes healthy and lead-safe homes by providing \$130 million, an increase of \$20 million over the 2017 annualized CR level, for the mitigation of lead-based paint and other hazards in low-income homes, especially those in which children reside. This also funds enforcement, education, and research activities to further support this goal, all of which contributes to lower healthcare costs and increased productivity.

- Eliminates funding for Section 4 Capacity Building for Community Development and Affordable Housing, a savings of \$35 million from the 2017 annualized CR level. This program is duplicative of efforts funded by philanthropy and other more flexible private sector investments.
- Supports homeownership through provision of Federal Housing Administration mortgage insurance programs.



DEPARTMENT OF THE INTERIOR

The Department of the Interior (DOI) is responsible for protecting and managing vast areas of U.S. lands and waters, providing scientific and other information about its natural resources, and meeting the Nation's trust responsibilities and other commitments to American Indians, Alaska Natives, and U.S.-affiliated island communities. The Budget requests an increase in funding for core energy development programs while supporting DOI's priority agency mission and trust responsibilities, including public safety, land conservation and revenue management. It eliminates funding for unnecessary or duplicative programs while reducing funds for lower priority activities, such as acquiring new lands.

The President's 2018 Budget requests \$11.6 billion for DOI, a \$1.5 billion or 12 percent decrease from the 2017 annualized CR level.

- Strengthens the Nation's energy security by increasing funding for DOI programs that support environmentally responsible development of energy on public lands and offshore waters. Combined with administrative reforms already in progress, this would allow DOI to streamline permitting processes and provide industry with access to the energy resources America needs, while ensuring taxpayers receive a fair return from the development of these public resources.
- Sustains funding for DOI's Office of Natural Resources Revenue, which manages the collection and disbursement of roughly \$10 billion annually from mineral development, an important source of revenue to the Federal Treasury, States, and Indian mineral owners.
- Eliminates unnecessary, lower priority, or duplicative programs, including discretionary Abandoned Mine Land grants that overlap with existing mandatory grants, National Heritage Areas that are more appropriately funded locally, and National Wildlife Refuge fund payments to local governments that are duplicative of other payment programs.
- Supports stewardship capacity for land management operations of the National Park Service, Fish and Wildlife Service and Bureau of Land Management. The Budget streamlines operations while providing the necessary resources for DOI to continue to protect and conserve America's public lands and beautiful natural resources, provide access to public lands for the next generation of outdoor enthusiasts, and ensure visitor safety.

- Supports tribal sovereignty and self-determination across Indian Country by focusing on core funding and services to support ongoing tribal government operations. The Budget reduces funding for more recent demonstration projects and initiatives that only serve a few Tribes.
- Reduces funding for lower priority activities, such as new major acquisitions of Federal land. The
 Budget reduces land acquisition funding by more than \$120 million from the 2017 annualized
 CR level and would instead focus available discretionary funds on investing in, and maintaining,
 existing national parks, refuges and public lands.
- Ensures that the National Park Service assets are preserved for future generations by increasing investment in deferred maintenance projects. Reduces funds for other DOI construction and major maintenance programs, which can rely on existing resources for 2018.
- Provides more than \$900 million for DOI's U.S. Geological Survey to focus investments in essential science programs. This includes funding for the Landsat 9 ground system, as well as research and data collection that informs sustainable energy development, responsible resource management, and natural hazard risk reduction.
- Leverages taxpayer investment with public and private resources through wildlife conservation, historic preservation, and recreation grants. These voluntary programs encourage partnerships by providing matching funds that produce greater benefits to taxpayers for the Federal dollars invested.
- Budgets responsibly for wildland fire suppression expenses. The Budget would directly provide the full 10-year rolling average of suppression expenditures.
- Invests over \$1 billion in safe, reliable, and efficient management of water resources throughout the western United States.
- Supports counties through discretionary funding for the Payments in Lieu of Taxes (PILT) program at a reduced level, but in line with average funding for PILT over the past decade.



DEPARTMENT OF JUSTICE

The Department of Justice is charged with enforcing the laws and defending the interests of the United States, ensuring public safety against foreign and domestic threats, providing Federal leadership in preventing and controlling crime, seeking just punishment for those guilty of unlawful behavior, and ensuring the fair and impartial administration of justice for all Americans. The budget for the Department of Justice saves taxpayer dollars by consolidating, reducing, streamlining, and making its programs and operations more efficient. The Budget also makes critical investments to confront terrorism, reduce violent crime, tackle the Nation's opioid epidemic, and combat illegal immigration.

The President's 2018 Budget requests \$27.7 billion for the Department of Justice, a \$1.1 billion or 3.8 percent decrease from the 2017 annualized CR level. This program level excludes mandatory spending changes involving the Crime Victims Fund and the Assets Forfeiture Fund. However, significant targeted increases would enhance the ability to address key issues, including public safety, law enforcement, and national security. Further, the Administration is concerned about so-called sanctuary jurisdictions and will be taking steps to mitigate the risk their actions pose to public safety.

- Strengthens counterterrorism, counterintelligence, and Federal law enforcement activities by providing an increase of \$249 million, or 3 percent, above the 2017 annualized CR level for the Federal Bureau of Investigation (FBI). The FBI would devote resources toward its world-class cadre of special agents and intelligence analysts, as well as invest \$61 million more to fight terrorism and combat foreign intelligence and cyber threats and address public safety and national security risks that result from malicious actors' use of encrypted products and services. In addition, the FBI would dedicate \$35 million to gather and share intelligence data with partners and together with the Department of Defense (DOD) lead Federal efforts in biometric identity resolution, research, and development. The FBI would also spend an additional \$9 million to provide accurate and timely response for firearms purchase background checks, and develop and refine evidence and data to target violent crime in some cities and communities.
- Supports efforts at the Department's law enforcement components by providing a combined increase of \$175 million above the 2017 annualized CR level to target the worst of the worst criminal organizations and drug traffickers in order to address violent crime, gun-related deaths, and the opioid epidemic.

- Enhances national security and counterterrorism efforts by linking skilled prosecutors and intelligence attorneys with law enforcement investigations and the intelligence community to stay ahead of threats.
- Combats illegal entry and unlawful presence in the United States by providing an increase of nearly \$80 million, or 19 percent, above the 2017 annualized CR level to hire 75 additional immigration judge teams to bolster and more efficiently adjudicate removal proceedings—bringing the total number of funded immigration judge teams to 449.
- Enhances border security and immigration enforcement by providing 60 additional border enforcement prosecutors and 40 deputy U.S. Marshals for the apprehension, transportation, and prosecution of criminal aliens.
- Supports the addition of 20 attorneys to pursue Federal efforts to obtain the land and holdings
 necessary to secure the Southwest border and another 20 attorneys and support staff for
 immigration litigation assistance.
- Assures the safety of the public and law enforcement officers by providing \$171 million above the 2017 annualized CR level for additional short-term detention space to hold Federal detainees, including criminal aliens, parole violators, and other offenders awaiting trial or sentencing.
- Safeguards Federal grants to State, local, and tribal law enforcement and victims of crime to ensure greater safety for law enforcement personnel and the people they serve. Critical programs aimed at protecting the life and safety of State and local law enforcement personnel, including Preventing Violence Against Law Enforcement Officer Resilience and Survivability and the Bulletproof Vest Partnership, are protected.
- Eliminates approximately \$700 million in unnecessary spending on outdated programs that either have met their goal or have exceeded their usefulness, including \$210 million for the poorly targeted State Criminal Alien Assistance Program, in which two-thirds of the funding primarily reimburses four States for the cost of incarcerating certain illegal criminal aliens.
- Achieves savings of almost a billion dollars from the 2017 annualized CR level in Federal prison construction spending due to excess capacity resulting from an approximate 14 percent decrease in the prison population since 2013. However, the Budget provides \$80 million above the 2017 annualized CR level for the activation of an existing facility to reduce high security Federal inmate overcrowding and a total of \$113 million to repair and modernize outdated prisons.
- Increases bankruptcy-filing fees to produce an additional \$150 million over the 2017 annualized CR level to ensure that those that use the bankruptcy court system pay for its oversight. By increasing quarterly filing fees, the total estimated United States Trustee Program offsetting receipts would reach \$289 million in 2018.



DEPARTMENT OF LABOR

The Department of Labor fosters the welfare of wage earners, job seekers, and retirees by safeguarding their working conditions, benefits, and wages. With the need to rebuild the Nation's military without increasing the deficit, this Budget focuses the Department of Labor on its highest priority functions and disinvests in activities that are duplicative, unnecessary, unproven, or ineffective.

The President's 2018 Budget requests \$9.6 billion for the Department of Labor, a \$2.5 billion or 21 percent decrease from the 2017 annualized CR level.

- Expands Reemployment and Eligibility Assessments, an evidence-based activity that saves an average of \$536 per claimant in unemployment insurance benefit costs by reducing improper payments and getting claimants back to work more quickly and at higher wages.
- Reduces funding for ineffective, duplicative, and peripheral job training grants. As part of this, eliminates the Senior Community Service Employment Program (SCSEP), for a savings of \$434 million from the 2017 annualized CR level. SCSEP is ineffective in meeting its purpose of transitioning low-income unemployed seniors into unsubsidized jobs. As many as one-third of participants fail to complete the program and of those who do, only half successfully transition to unsubsidized employment.
- Focuses the Bureau of International Labor Affairs on ensuring that U.S. trade agreements are fair for American workers. The Budget eliminates the Bureau's largely noncompetitive and unproven grant funding, which would save at least \$60 million from the 2017 annualized CR level.
- Improves Job Corps for the disadvantaged youth it serves by closing centers that do a poor job educating and preparing students for jobs.
- Decreases Federal support for job training and employment service formula grants, shifting more responsibility for funding these services to States, localities, and employers.
- Helps States expand apprenticeship, an evidence-based approach to preparing workers for jobs.

- Refocuses the Office of Disability Employment Policy, eliminating less critical technical assistance grants and launching an early intervention demonstration project to allow States to test and evaluate methods that help individuals with disabilities remain attached to or reconnect to the labor market.
- Eliminates the Occupational Safety and Health Administration's unproven training grants, yielding savings of almost \$11 million from the 2017 annualized CR level and focusing the agency on its central work of keeping workers safe on the job.



DEPARTMENT OF STATE, USAID, AND TREASURY INTERNATIONAL PROGRAMS

The Department of State, the U.S. Agency for International Development (USAID), and the Department of the Treasury's International Programs help to advance the national security interests of the United States by building a more democratic, secure, and prosperous world. The Budget for the Department of State and USAID diplomatic and development activities is being refocused on priority strategic objectives and renewed attention is being placed on the appropriate U.S. share of international spending. In addition, the Budget seeks to reduce or end direct funding for international organizations whose missions do not substantially advance U.S. foreign policy interests, are duplicative, or are not well-managed. Additional steps will be taken to make the Department and USAID leaner, more efficient, and more effective. These steps to reduce foreign assistance free up funding for critical priorities here at home and put America first.

The President's 2018 Budget requests \$25.6 billion in base funding for the Department of State and USAID, a \$10.1 billion or 28 percent reduction from the 2017 annualized CR level. The Budget also requests \$12.0 billion as Overseas Contingency Operations funding for extraordinary costs, primarily in war areas like Syria, Iraq, and Afghanistan, for an agency total of \$37.6 billion. The 2018 Budget also requests \$1.5 billion for Treasury International Programs, an \$803 million or 35 percent reduction from the 2017 annualized CR level.

- Maintains robust funding levels for embassy security and other core diplomatic activities while implementing efficiencies. Consistent with the Benghazi Accountability Review Board recommendation, the Budget applies \$2.2 billion toward new embassy construction and maintenance in 2018. Maintaining adequate embassy security levels requires the efficient and effective use of available resources to keep embassy employees safe.
- Provides \$3.1 billion to meet the security assistance commitment to Israel, currently at an alltime high; ensuring that Israel has the ability to defend itself from threats and maintain its Qualitative Military Edge.
- Eliminates the Global Climate Change Initiative and fulfills the President's pledge to cease payments to the United Nations' (UN) climate change programs by eliminating U.S. funding related to the Green Climate Fund and its two precursor Climate Investment Funds.
- Provides sufficient resources on a path to fulfill the \$1 billion U.S. pledge to Gavi, the Vaccine Alliance. This commitment helps support Gavi to vaccinate hundreds of millions of children in low-resource countries and save millions of lives.

- Provides sufficient resources to maintain current commitments and all current patient levels
 on HIV/AIDS treatment under the President's Emergency Plan for AIDS Relief (PEPFAR) and
 maintains funding for malaria programs. The Budget also meets U.S. commitments to the Global
 Fund for AIDS, Tuberculosis, and Malaria by providing 33 percent of projected contributions from
 all donors, consistent with the limit currently in law.
- Shifts some foreign military assistance from grants to loans in order to reduce costs for the U.S. taxpayer, while potentially allowing recipients to purchase more American-made weaponry with U.S. assistance, but on a repayable basis.
- Reduces funding to the UN and affiliated agencies, including UN peacekeeping and other international organizations, by setting the expectation that these organizations rein in costs and that the funding burden be shared more fairly among members. The amount the U.S. would contribute to the UN budget would be reduced and the U.S. would not contribute more than 25 percent for UN peacekeeping costs.
- Refocuses economic and development assistance to countries of greatest strategic importance to the U.S. and ensures the effectiveness of U.S. taxpayer investments by rightsizing funding across countries and sectors.
- Allows for significant funding of humanitarian assistance, including food aid, disaster, and refugee program funding. This would focus funding on the highest priority areas while asking the rest of the world to pay their fair share. The Budget eliminates the Emergency Refugee and Migration Assistance account, a duplicative and stovepiped account, and challenges international and non-governmental relief organizations to become more efficient and effective.
- Reduces funding for the Department of State's Educational and Cultural Exchange (ECE) Programs. ECE resources would focus on sustaining the flagship Fulbright Program, which forges lasting connections between Americans and emerging leaders around the globe.
- Improves efficiency by eliminating overlapping peacekeeping and security capacity building efforts and duplicative contingency programs, such as the Complex Crises Fund. The Budget also eliminates direct appropriations to small organizations that receive funding from other sources and can continue to operate without direct Federal funds, such as the East-West Center.
- Recognizes the need for State and USAID to pursue greater efficiencies through reorganization and consolidation in order to enable effective diplomacy and development.
- Reduces funding for multilateral development banks, including the World Bank, by approximately \$650 million over three years compared to commitments made by the previous administration.

 Even with the proposed decreases, the U.S. would retain its current status as a top donor while saving taxpayer dollars.



DEPARTMENT OF TRANSPORTATION

The Department of Transportation (DOT) is responsible for ensuring a fast, safe, efficient, accessible, and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people today, and into the future. The Budget request reflects a streamlined DOT that is focused on performing vital Federal safety oversight functions and investing in nationally and regionally significant transportation infrastructure projects. The Budget reduces or eliminates programs that are either inefficient, duplicative of other Federal efforts, or that involve activities that are better delivered by States, localities, or the private sector.

The President's 2018 Budget requests \$16.2 billion for DOT's discretionary budget, a \$2.4 billion or 13 percent decrease from the 2017 annualized CR level.

- Initiates a multi-year reauthorization proposal to shift the air traffic control function of the Federal Aviation Administration to an independent, non-governmental organization, making the system more efficient and innovative while maintaining safety. This would benefit the flying public and taxpayers overall.
- Restructures and reduces Federal subsidies to Amtrak to focus resources on the parts of the
 passenger rail system that provide meaningful transportation options within regions. The
 Budget terminates Federal support for Amtrak's long distance train services, which have long
 been inefficient and incur the vast majority of Amtrak's operating losses. This would allow
 Amtrak to focus on better managing its State-supported and Northeast Corridor train services.
- Limits funding for the Federal Transit Administration's Capital Investment Program (New Starts) to projects with existing full funding grant agreements only. Future investments in new transit projects would be funded by the localities that use and benefit from these localized projects.
- Eliminates funding for the Essential Air Service (EAS) program, which was originally conceived of as a temporary program nearly 40 years ago to provide subsidized commercial air service to rural airports. EAS flights are not full and have high subsidy costs per passenger. Several EAS-eligible communities are relatively close to major airports, and communities that have EAS could be served by other existing modes of transportation. This proposal would result in a discretionary savings of \$175 million from the 2017 annualized CR level.

• Eliminates funding for the unauthorized TIGER discretionary grant program, which awards grants to projects that are generally eligible for funding under existing surface transportation formula programs, saving \$499 million from the 2017 annualized CR level. Further, DOT's Nationally Significant Freight and Highway Projects grant program, authorized by the FAST Act of 2015, supports larger highway and multimodal freight projects with demonstrable national or regional benefits. This grant program is authorized at an annual average of \$900 million through 2020.



DEPARTMENT OF THE TREASURY

The Department of the Treasury is charged with maintaining a strong economy, promoting conditions that enable economic growth and stability, protecting the integrity of the financial system, and managing the U.S. Government's finances and resources effectively. The Budget will bring renewed discipline to the Department by focusing resources on collecting revenue, managing the Nation's debt, protecting the financial system from threats, and combating financial crime and terrorism financing.

The President's 2018 Budget requests \$12.1 billion in discretionary resources for the Department of the Treasury's domestic programs, a \$519 million or 4.1 percent decrease from the 2017 annualized CR level. This program level excludes mandatory spending changes involving the Treasury Forfeiture Fund.

- Preserves key operations of the Internal Revenue Service (IRS) to ensure that the IRS could continue to combat identity theft, prevent fraud, and reduce the deficit through the effective enforcement and administration of tax laws. Diverting resources from antiquated operations that are still reliant on paper-based review in the era of electronic tax filing would achieve significant savings, a funding reduction of \$239 million from the 2017 annualized CR level.
- Strengthens cybersecurity by investing in a Department-wide plan to strategically enhance existing security systems and preempt fragmentation of information technology management across the bureaus, positioning Treasury to anticipate and nimbly respond in the event of a cyberattack.
- Prioritizes funding for Treasury's array of economic enforcement tools. Key Treasury programs
 that freeze the accounts of terrorists and proliferators, implement sanctions on rogue nations,
 and link law enforcement agencies with financial institutions are critical to the continued safety
 and financial stability of the Nation.
- Eliminates funding for Community Development Financial Institutions (CDFI) Fund grants, a savings of \$210 million from the 2017 annualized CR level. The CDFI Fund was created more than 20 years ago to jump-start a now mature industry where private institutions have ready access to the capital needed to extend credit and provide financial services to underserved communities.

- Empowers the Treasury Secretary, as Chairperson of the Financial Stability Oversight Council, to end taxpayer bailouts and foster economic growth by advancing financial regulatory reforms that promote market discipline and ensure the accountability of financial regulators.
- Shrinks the Federal workforce and increases its efficiency by redirecting resources away from duplicative policy offices to staff that manage the Nation's finances.



DEPARTMENT OF VETERANS AFFAIRS

The Department of Veterans Affairs (VA) provides health care and a wide variety of benefits to military veterans and their survivors. The 2018 Budget fulfills the President's commitment to the Nation's veterans by requesting the resources necessary to provide the support our veterans have earned through sacrifice and service to our Nation. The Budget significantly increases funding for VA Medical Care so that VA can continue to meet the ever-growing demand for health care services while building an integrated system of care that strengthens services within VA and makes effective use of community services. The Budget request includes increased funding for and extension of the Veterans Choice Program, making it easier for eligible veterans to access the medical care they need, close to home.

The President's 2018 Budget requests \$78.9 billion in discretionary funding for VA, a \$4.4 billion or 6 percent increase from the 2017 enacted level. The Budget also requests legislative authority and \$3.5 billion in mandatory budget authority in 2018 to continue the Veterans Choice Program.

- Ensures the Nation's veterans receive high-quality health care and timely access to benefits and services. An estimated 11 million veterans participate in VA programs. This Budget provides the resources necessary to ensure veterans receive the care and support earned through their service to the Nation.
- Provides a \$4.6 billion increase in discretionary funding for VA health care to improve patient access and timeliness of medical care services for over nine million enrolled veterans. This funding would enable the Department to provide a broad range of primary care, specialized care, and related medical and social support services to enrolled veterans, including services that are uniquely related to veterans' health and special needs.
- Extends and funds the Veterans Choice Program to ensure that every eligible veteran continues to have the choice to seek care at VA or through a private provider. Without action, this critical program will expire in August 2017, which would result in veterans having fewer choices of where to receive care.
- Supports VA programs that provide services to homeless and at-risk veterans and their families to help keep them safe and sheltered.
- Provides access to education benefits, enhanced services, and other programs to assist veterans' transition to civilian life. VA partners with other agencies to provide critical training, support services, and counseling throughout a veteran's transition and their post-military career.

- Continues critical investments aimed at optimizing productivity and transforming VA's claims
 processes. Provides resources to reduce the time required to process and adjudicate veterans'
 disability compensation claims.
- Invests in information technology to improve the efficiency and efficacy of VA services. Provides sufficient funding for sustainment, development, and modernization initiatives that would improve the quality of services provided to veterans and avoid the costs of maintaining outdated, inefficient systems.



ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency (EPA) is responsible for protecting human health and the environment. The budget for EPA reflects the success of environmental protection efforts, a focus on core legal requirements, the important role of the States in implementing the Nation's environmental laws, and the President's priority to ease the burden of unnecessary Federal regulations that impose significant costs for workers and consumers without justifiable environmental benefits. This would result in approximately 3,200 fewer positions at the agency. EPA would primarily support States and Tribes in their important role protecting air, land, and water in the 21st Century.

The President's 2018 Budget requests \$5.7 billion for the Environmental Protection Agency, a savings of \$2.6 billion, or 31 percent, from the 2017 annualized CR level.

- Provides robust funding for critical drinking and wastewater infrastructure. These funding levels further the President's ongoing commitment to infrastructure repair and replacement and would allow States, municipalities, and private entities to continue to finance high priority infrastructure investments that protect human health. The Budget includes \$2.3 billion for the State Revolving Funds, a \$4 million increase over the 2017 annualized CR level. The Budget also provides \$20 million for the Water Infrastructure Finance and Innovation Act program, equal to the funding provided in the 2017 annualized CR. This credit subsidy could potentially support \$1 billion in direct Federal loans.
- Discontinues funding for the Clean Power Plan, international climate change programs, climate change research and partnership programs, and related efforts—saving over \$100 million for the American taxpayer compared to 2017 annualized CR levels. Consistent with the President's America First Energy Plan, the Budget reorients EPA's air program to protect the air we breathe without unduly burdening the American economy.
- Reins in Superfund administrative costs and emphasizes efficiency efforts by funding the Hazardous Substance Superfund Account at \$762 million, \$330 million below the 2017 annualized CR level. The agency would prioritize the use of existing settlement funds to clean up hazardous waste sites and look for ways to remove some of the barriers that have delayed the program's ability to return sites to the community.
- Avoids duplication by concentrating EPA's enforcement of environmental protection violations
 on programs that are not delegated to States, while providing oversight to maintain consistency
 and assistance across State, local, and tribal programs. This reduces EPA's Office of Enforcement

- and Compliance Assurance budget to \$419 million, which is \$129 million below the 2017 annualized CR level.
- Better targets EPA's Office of Research and Development (ORD) at a level of approximately \$250 million, which would result in a savings of \$233 million from the 2017 annualized CR level. ORD would prioritize activities that support decision-making related to core environmental statutory requirements, as opposed to extramural activities, such as providing STAR grants.
- Supports Categorical Grants with \$597 million, a \$482 million reduction below 2017 annualized CR levels. These lower levels are in line with the broader strategy of streamlining environmental protection. This funding level eliminates or substantially reduces Federal investment in State environmental activities that go beyond EPA's statutory requirements.
- Eliminates funding for specific regional efforts such as the Great Lakes Restoration Initiative, the Chesapeake Bay, and other geographic programs. These geographic program eliminations are \$427 million lower than the 2017 annualized CR levels. The Budget returns the responsibility for funding local environmental efforts and programs to State and local entities, allowing EPA to focus on its highest national priorities.
- Eliminates more than 50 EPA programs, saving an additional \$347 million compared to the 2017 annualized CR level. Lower priority and poorly performing programs and grants are not funded, nor are duplicative functions that can be absorbed into other programs or that are State and local responsibilities. Examples of eliminations in addition to those previously mentioned include: Energy Star; Targeted Airshed Grants; the Endocrine Disruptor Screening Program; and infrastructure assistance to Alaska Native Villages and the Mexico Border.



NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

The National Aeronautics and Space Administration (NASA) is responsible for increasing understanding of the universe and our place in it, advancing America's world-leading aerospace technology, inspiring the Nation, and opening the space frontier. The Budget increases cooperation with industry through the use of public-private partnerships, focuses the Nation's efforts on deep space exploration rather than Earth-centric research, and develops technologies that would help achieve U.S. space goals and benefit the economy.

The President's 2018 Budget requests \$19.1 billion for NASA, a 0.8 percent decrease from the 2017 annualized CR level, with targeted increases consistent with the President's priorities.

- Supports and expands public-private partnerships as the foundation of future U.S. civilian space efforts. The Budget creates new opportunities for collaboration with industry on space station operations, supports public-private partnerships for deep-space habitation and exploration systems, funds data buys from companies operating small satellite constellations, and supports work with industry to develop and commercialize new space technologies.
- Paves the way for eventual over-land commercial supersonic flights and safer, more efficient air travel with a strong program of aeronautics research. The Budget provides \$624 million for aeronautics research and development.
- Reinvigorates robotic exploration of the Solar System by providing \$1.9 billion for the Planetary Science program, including funding for a mission to repeatedly fly by Jupiter's icy ocean moon Europa and a Mars rover that would launch in 2020. To preserve the balance of NASA's science portfolio and maintain flexibility to conduct missions that were determined to be more important by the science community, the Budget provides no funding for a multi-billion-dollar mission to land on Europa. The Budget also supports initiatives that use smaller, less expensive satellites to advance science in a cost-effective manner.
- Provides \$3.7 billion for continued development of the Orion crew vehicle, Space Launch System, and associated ground system, to send American astronauts on deep-space missions. To accommodate increasing development costs, the Budget cancels the multi-billion-dollar Asteroid Redirect Mission. NASA will investigate approaches for reducing the costs of exploration missions to enable a more expansive exploration program.
- Provides \$1.8 billion for a focused, balanced Earth science portfolio that supports the priorities of the science and applications communities, a savings of \$102 million from the 2017 annualized CR level. The Budget terminates four Earth science missions (PACE, OCO-3, DSCOVR)

Earth-viewing instruments, and CLARREO Pathfinder) and reduces funding for Earth science research grants.

- Eliminates the \$115 million Office of Education, resulting in a more focused education effort through NASA's Science Mission Directorate. The Office of Education has experienced significant challenges in implementing a NASA-wide education strategy and is performing functions that are duplicative of other parts of the agency.
- Restructures a duplicative robotic satellite refueling demonstration mission to reduce its cost and better position it to support a nascent commercial satellite servicing industry, resulting in a savings of \$88 million from the 2017 annualized CR level.
- Strengthens NASA's cybersecurity capabilities, safeguarding critical systems and data.



SMALL BUSINESS ADMINISTRATION

The Small Business Administration (SBA) ensures that small businesses have the tools and resources needed to start and develop their operations, drive U.S. competitiveness, and help grow the economy. The President is committed to assisting small businesses succeed through reducing the regulatory and tax burdens that can impede the development of small firms. The Budget increases efficiency through responsible reductions to redundant programs and by eliminating programs that deliver services better provided by the private sector.

The President's 2018 Budget requests \$826.5 million for SBA, a \$43.2 million or 5.0 percent decrease from the 2017 annualized CR level.

- Supports more than \$45 billion in loan guarantees to assist America's small business owners with access to affordable capital to start or expand their businesses.
- Strengthens SBA's outreach center programs by reducing duplicative services, coordinating best
 practices, and investing in communities that would benefit from SBA's business center support.
 As a result, SBA would be better positioned to strengthen local partnerships and more efficiently serve program participants while achieving savings over the 2017 annualized CR level.
- Supports over \$1 billion in disaster relief lending to businesses, homeowners, renters, and property owners to help American communities recover quickly in the wake of declared disasters. Through the disaster loan program, SBA is able to provide affordable, accessible, and immediate direct assistance to those hardest hit when disaster strikes.
- Achieves \$12 million in cost savings from the 2017 annualized CR level through identifying and
 eliminating those SBA grant programs where the private sector provides effective mechanisms
 to foster local business development and investment. Eliminations include PRIME technical
 assistance grants, Regional Innovation Clusters, and Growth Accelerators.
- Provides training and support services for transitioning service members and veterans to promote entrepreneurship and business ownership. These programs help to fulfill the President's commitment to support the Nation's veterans by providing business counseling, lending, and contracting assistance.
- Maintains \$28 million in microloan financing and technical assistance to help serve, strengthen, and sustain the smallest of small businesses and startups.
- Allows SBA to advocate and assist small businesses in accessing Federal contracts and small business research opportunities Government-wide.

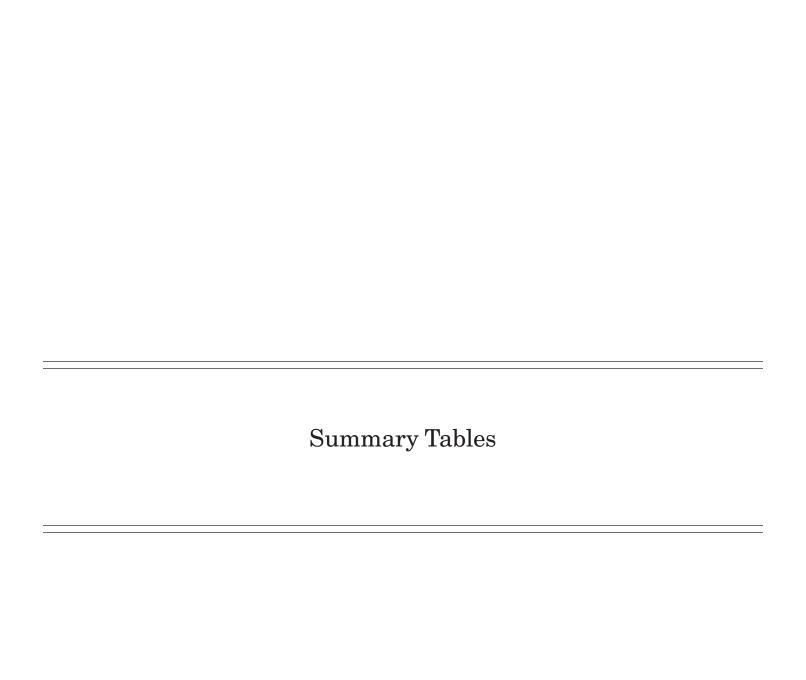


Table 1. Proposed Discretionary Caps for 2018 Budget

(Budget authority in billions of dollars)

	Car	os
	2017	2018
Current Law Base Caps: 1		
Defense	551	549
Non-Defense	519	516
Total, Current Law Base Caps	1,070	1,065
Proposed Base Cap Changes: ²		
Defense	+25	+54
Non-Defense	-15	-54
Total, Proposed Changes	+10	••••••
Proposed Base Caps:		
Defense	576	603
Non-Defense	504	462
Total, Proposed Base Caps	1,080	1,065
Enacted and Proposed Cap Adjustments:		
Overseas Contingency Operations (OCO) ²	89	77
Emergency Funding	3	
Program Integrity	2	2
Disaster Relief	8	7
Total, Cap Adjustments	102	86
Total, Discretionary Budget Authority	1,181	1,151
21st Century CURES appropriations 3	1	1

¹ The caps presented here are equal to the levels specified for 2017 and 2018 in the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBED-CA). The 2017 caps were revised in the Bipartisan Budget Act of 2015 and the 2018 caps include OMB estimates of Joint Committee enforcement (also known as "sequestration").

² The Administration proposes an increase in the existing defense caps for 2017 and 2018 that is offset with decreases to the non-defense caps. About 60 percent of the 2017 defense increase is offset by non-defense decreases in 2017 while the entire defense increase in 2018 is offset by non-defense decreases. An additional \$5 billion in defense funding is proposed as OCO in 2017.

³ The 21st Century CURES Act permitted funds to be appropriated each year for certain activities outside of the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside of the discretionary totals for this reason.

50 SUMMARY TABLES

Table 2. 2018 Discretionary Overview by Major Agency

(Net discretionary BA in billions of dollars)

	2017		2018 Requ 2017 CR/E		
	CR/Enacted 1,2	Request ²	Dollar	Percent	
Base Discretionary Funding:					
Cabinet Departments:					
Agriculture ³	22.6	17.9	-4.7	-20.7%	
Commerce	9.2	7.8	-1.5	-15.7%	
Defense	521.7	574.0	+52.3	+10.0%	
Education	68.2	59.0	-9.2	-13.5%	
Energy	29.7	28.0	-1.7	-5.6%	
National Nuclear Security Administration	12.5	13.9	+1.4	+11.3%	
Other Energy		14.1	-3.1	-17.9%	
Health and Human Services 4	77.7	65.1	-12.6	-16.2%	
Homeland Security	41.3	44.1	+2.8	+6.8%	
Housing and Urban Development (HUD):					
HUD gross total (excluding receipts)	46.9	40.7	-6.2	-13.2%	
$HUD\ receipts\ ^5$	-10.9	-9.0	+1.9	N/A	
Interior	13.2	11.6	-1.5	-11.7%	
Justice (DOJ):					
DOJ program level (excluding offsets)	28.8	27.7	-1.1	-3.8%	
DOJ mandatory spending changes (CHIMPs)		-11.5	-2.9	N/A	
Labor	12.2	9.6	-2.5	-20.7%	
State, U.S. Agency for International Development (USAID),					
and Treasury International Programs ³	38.0	27.1	-10.9	-28.7%	
Transportation		16.2	-2.4	-12.7%	
Treasury		11.2	-0.5	-4.4%	
Veterans Affairs	74.5	78.9	+4.4	+5.9%	
Major Agencies:					
Corps of Engineers	6.0	5.0	-1.0	-16.3%	
Environmental Protection Agency		5.7	-2.6	-31.4%	
General Services Administration		0.5	+0.3	N/A	
National Aeronautics and Space Administration		19.1	-0.2	-0.8%	
Small Business Administration		0.8	_0. <u>2</u> _*	-5.0%	
Social Security Administration ⁴		9.3	+*	+0.2%	
•					
Other Agencies		26.5	-2.9	-9.8%	
Subtotal, Discretionary Base Budget Authority	1,068.1	1,065.4	-2.7	-0.3%	
Cap Adjustment Funding:					
Overseas Contingency Operations:					
Defense	65.0	64.6	-0.4	-0.6%	
State and USAID	19.2	12.0	-7.2	-37.4%	
Other Agencies			-0.2	-100.0%	
Subtotal, Overseas Contingency Operations	84.3	76.6	-7.8	-9.2%	
Emergency Requirements:					
Transportation	1.0		-1.0	-100.0%	
Corps of Engineers	1.0	•••••	-1.0	-100.0%	
Other Agencies		•••••	-0.7	-100.0%	
Subtotal, Emergency Requirements			-2.7	-100.0%	
Program Integrity:					
Health and Human Services	0.4	0.4	+0.1	+17.3%	
Social Security Administration		1.5	+0.3	+26.8%	
Subtotal, Program Integrity		1.9	+0.4	+24.5%	
Sussection, 1 regram meeginey	1.0	1.3	TU.4	T24.0%	

Table 2. 2018 Discretionary Overview by Major Agency—Continued

(Net discretionary BA in billions of dollars)

	221-	2212	2018 Request Less 2017 CR/Enacted	
	2017 CR/Enacted 1,2	2018 — Request ²	Dollar	Percent
Disaster Relief: ⁶		,		_
Homeland Security and Other Agencies	6.7	7.4	+0.7	+9.7%
Housing and Urban Development	1.4		-1.4	-100.0%
Subtotal, Disaster Relief	8.1	7.4	-0.8	-9.4%
Subtotal, Cap Adjustment Funding	96.7	85.9	-10.8	-11.2%
Total, Discretionary Budget Authority	1,164.8	1,151.2	-13.6	-1.2%
Memorandum: 21st Century CURES appropriations 7				
Health and Human Services	0.9	1.1	+0.2	+21.1%

^{* \$50} million or less.

¹ The 2017 CR/Enacted column reflects enacted appropriations and levels of continuing appropriations provided under the Continuing Appropriations Act, 2017 (Division C of Public Law 114–223, as amended by Division A of Public Law 114–254) that are due to expire on April 28. The levels presented here are the amounts OMB scores under the caps; therefore, the levels for 2017 may differ in total from those on Table 1.

² Enacted, continuing, and proposed changes in mandatory programs (CHIMPs) are included in both 2017 and 2018. Some agency presentations in this volume where noted reflect a program level that excludes these amounts.

³ Funding for Food for Peace Title II Grants is included in the State, USAID, and Treasury International programs total. Although the funds are appropriated to the Department of Agriculture, the funds are administered by USAID.

⁴ Funding from the Hospital Insurance and Supplementary Medical Insurance trust funds for administrative expenses incurred by the Social Security Administration that support the Medicare program are included in the Health and Human Services total and not in the Social Security Administration total.

⁵ HUD receipt levels for 2018 are a placeholder and subject to change as detailed estimates under the Administration's economic and technical assumptions for the full Budget are finalized.

⁶ The Balanced Budget and Emergency Deficit Control Act of 1985 authorizes an adjustment to the discretionary spending caps for appropriations that are designated by the Congress as being for "disaster relief" provided those appropriations are for activities carried out pursuant to a determination under the Robert T. Stafford Disaster Relief and Emergency Assistance Act. Currently, based on enacted and continuing appropriations, OMB estimates the total adjustment available for disaster funding for 2018 at \$7,366 million. Further details, including any revisions necessary to account for final 2017 appropriations and the specific amounts of disaster relief funding requested for individual agencies in 2018 authorized to administer disaster relief programs, will be provided in subsequent Administration proposals.

⁷ The 21st Century CURES Act permitted funds to be appropriated each year for certain activities outside of the discretionary caps so long as the appropriations were specifically provided for the authorized purposes. These amounts are displayed outside of the discretionary totals for this reason.

52 SUMMARY TABLES

Table 3. Major 2018 Budget Changes from Current Law

(Budget authority in billions of dollars)

	2018 Caps ¹ Current Law ² Proposed		Change:	
			Dollars	Percent
Discretionary Categories:				
Defense	549	603	+54	+10%
Non-Defense	516	462	-54	-10%
Total, 2018 Base Caps	1,065	1,065	*******	

^{* \$500} million or less

Only base funding caps are represented on this table and cap adjustments permitted by the Balanced Budget and Emergency Deficit Control Act of 1985 for overseas contingency operations, disaster relief, program integrity, and emergency requirements are excluded.
 The current law caps are equal to the levels specified for 2018 in the Balanced Budget and Emergency

² The current law caps are equal to the levels specified for 2018 in the Balanced Budget and Emergency Deficit Control Act of 1985, including OMB estimates for Joint Committee enforcement (also known as "sequestration").

Table 4. Major 2017 Changes from Security Supplemental Request

(Budget authority in billions of dollars)

	2017 Caps		Change:	
	Current Law	Proposed ¹	Dollars	Percent
Discretionary Categories:				
Defense	551	576	+25	+5%
Non-Defense	519	504	-15	-3%
Border Wall and implementation of Executive Orders		3	+3	N/A
Other Non-Defense programs	519	501	-18	-3%
Total, 2018 Base Caps	1,070	1,080	+10	+1%
Cap Adjustments:				
Defense Overseas Contingency Operations (OCO)	65	70	+5	+8%

¹ The Administration proposes an increase in the existing defense cap for 2017 that is partially offset with a decrease to the non-defense cap while an additional \$5 billion defense request in 2017 is requested as OCO.



Executive Office of the President

March 8, 2017

Mr. Timothy O. Horne Acting Administrator General Services Administration

Dear Mr. Horne:

This letter is to inform you of a new U.S. Government Accountability Office engagement on Contractors and Tax Debt—code 101695. The enclosure provides information on the engagement. We anticipate using data from the System for Award Management (SAM), including data on contractors' representations about federal tax debts owed, to complete our engagement work. If we determine it is necessary to visit locations other than those specified in the enclosure, we will advise you.

We would appreciate your notifying the appropriate officials of this work. The next step will be to set up an entrance conference. At that meeting, we will request that your agency identify a point of contact for this engagement.

Sincerely yours,



Daniel Bertoni Managing Director, Physical Infrastructure

Enclosure

cc: Mr. Leroy Ford, Office of Administrative Services
Mr. Rolando Goco, Principal Deputy Assistant for Auditing

Enclosure

<u>Information on New Engagement</u>

Engagement subject: Contractors Who Have Unpaid Federal Tax Debt

Engagement code: 101695

<u>Source for the work</u>: GAO is beginning this work in response to a request made by the House Committee on Oversight and Government Reform; and House Committee on Ways and Means.

<u>Objectives/Key questions</u>: Based on the request, our initial objectives are (1) to what extent were federal contracts awarded to contractors with tax debts; and (2) to what extent do agencies consider an entity's federal tax debts when awarding federal contracts?

Agencies and anticipated locations (HQ and field) to be notified: In addition to GSA, we plan to contract the Internal Revenue Service. After conducting data analysis, we plan to select several agencies to conduct additional audit work. If it becomes necessary to visit other locations, we will notify you.

Estimated start date for the work: Immediately

Time frame for holding the entrance conference: Week of March 27, 2017

GAO Team(s) performing the engagement: Forensic Audits and Special Investigations.

GAO contacts:

- Rebecca Shea, Director, (202) 512-6364, shear@gao.gov
- Jonathon Oldmixon, Assistant Director, (214) 777-5609, oldmixonj@gao.gov
- Gloria Proa, Analyst-In-Charge, (214) 777-5705, proag@gao.gov



Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts

Report Number A160037/Q/3/P17001 March 21, 2017

Executive Summary

Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts

Report Number A160037/Q/3/P17001 March 21, 2017

Why We Performed This Audit

As a result of performing risk assessments evaluating Federal Acquisition Service (FAS) operations, we included this audit on the General Services Administration (GSA) Office of Inspector General *Fiscal Year 2016 Audit Plan*. Our objective was to determine if the price evaluation and negotiation of contracts and options awarded under FAS's Professional Services Schedule (PSS) comply with federal regulations and policies.

What We Found

FAS is not consistently evaluating and negotiating contracts and options awarded under the PSS in accordance with federal regulations and internal policies. In particular, FAS consolidated certain pre-existing contracts into the PSS that resulted in the award of new contracts without establishing price reasonableness, as required by the Federal Acquisition Regulation (FAR). Contracting officers also used a combined "Pre and Price Negotiation Memorandum" template that does not include all information required by the FAR and does not conform to FAS policy. Finally, contract files lack key information necessary to support contracting officers' fair and reasonable pricing determinations.

What We Recommended

Based on our audit findings, we recommend that the Commissioner of the Federal Acquisition Service:

- Direct the Office of Professional Services and Human Capital Categories to perform a formal price analysis on PSS migrated contracts to determine if the contract pricing is fair and reasonable.
- 2. Direct the Office of Professional Services and Human Capital Categories to discontinue the use of the "Pre and Price Negotiation Memorandum" template and use the separate Pre-Negotiation Memorandum and Price Negotiation Memorandum mandated by FAS Instructional Letter 2011-02.
- 3. Develop and issue guidance to contracting staff on documenting detailed price analyses, including reviews of comparable labor categories and rates, in order to support contracting actions in the contract file.

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Introduction

Purpose

As a result of performing risk assessments evaluating Federal Acquisition Service (FAS) operations, we included this audit on the General Services Administration (GSA) Office of Inspector General's *Fiscal Year 2016 Audit Plan*.

Objective

Our objective was to determine if the price evaluation and negotiation of contracts and options awarded under FAS's Professional Services Schedule (PSS) comply with federal regulations and policies.

See *Appendix A* – Scope and Methodology for additional details.

Background

The FAS Multiple Award Schedule (MAS) Program provides customer agencies with access to more than 25 million commercial products and services under 25 different schedules. Contracts awarded under each schedule include pre-negotiated prices, delivery terms, warranties, and other terms and conditions intended to streamline the acquisition process. Schedule contracts are indefinite delivery, indefinite quantity and are typically awarded with a 5-year base period and three 5-year option extensions, totaling 20 years.

The MAS Program is authorized by two statutes: Title III of the Federal Property and Administrative Services Act of 1949, Public Law 81-152, and Title 40, U.S.C. Sec. 501, Services for Executive Agencies. MAS Program acquisitions are governed by regulatory guidance established within the Federal Acquisition Regulation (FAR), as well as the GSA Acquisition Regulation and internal FAS policies and guidance.

The intent of the MAS Program is to leverage the government's buying power in an effort to provide customer agencies with competitive, market-based pricing. The Competition in Contracting Act of 1984, Public Law 98-369, provides that orders placed under GSA's MAS Program meet competition requirements, as long as they result in the lowest overall cost alternative to meet the government's needs. To enable ordering agencies to meet this requirement, GSA's negotiation policy is to obtain the best price granted to the contractor's most favored commercial customer under the premise that the commercial marketplace establishes best pricing.

FAS's Office of Professional Services and Human Capital Categories, located in GSA's Northwest/Arctic Region, manages the PSS. Through this schedule, FAS offers a wide variety of services to federal agencies. These services include, but are not limited to, professional engineering, advertising and marketing, and business consulting services. In fiscal year 2016, the Office of Professional Services and Human Capital Categories

employed 82 contracting personnel who were responsible for administering 3,785 PSS contracts with more than \$10 billion in sales.

In 2015, FAS established the PSS by combining seven pre-existing professional services schedules, listed in *Figure 1*, into the existing 00CORP schedule. FAS then changed the title of the 00CORP schedule from the "Consolidated Services Schedule" to the "Professional Services Schedule." According to FAS management, the consolidation enables customer agencies to procure a wide variety of services using one contract vehicle, which will increase program efficiency, reduce costs associated with the management of multiple schedules and contracts, and ultimately increase use by the federal community. FAS estimates that the consolidation will save GSA \$3.95 million in administrative costs over the first 5 years and result in sustained annual savings of \$1.29 million thereafter.

Figure 1 - Schedules Consolidated into PSS

Schedule Number	Schedule Title
520	Financial and Business Solutions (FABS)
541	Advertising and Integrated Marketing Services (AIMS)
738II	Language Services
871	Professional Engineering Services (PES)
874	Mission Oriented Business Integrated Services (MOBIS)
874V	Logistics Worldwide (Logworld)
899	Environmental Services

FAS used two different processes to consolidate the pre-existing contract offerings into the PSS:

• <u>Transitioned Contracts</u> – FAS "transitioned" pre-existing contracts where the contractors held only one professional service contract (e.g., solely a PES contract or solely a MOBIS contract). To accomplish this, FAS issued a contract modification that replaced the former solicitation with the PSS solicitation. Transitioned contracts retained all existing contract elements, including pricing, contract number, period of performance, and other terms and conditions. See *Figure 2* for an example of a contract transition. FAS used this process to convert 3,949 contracts into the PSS. These transitioned contracts accounted for \$5.8 billion in sales in fiscal year 2015.

Figure 2 – Example of Transitioned Contract

Former Schedule	Former Contract Expiration	New Schedule	New Contract
Title		Title	Expiration
PES	10/1/2017	PSS	10/1/2017

• Migrated Contracts – FAS "migrated" pre-existing contracts where the contractors held two or more professional services contracts (e.g., a separate PES and MOBIS contract). The migration process required contractors to submit an offer for a new contract under the PSS solicitation. FAS instructed the contractors to propose the current pricing, terms, and conditions for each contract in its new offer. FAS subsequently awarded a new contract to these contractors, complete with a new contract number and period of performance (20 years in total, including a 5-year base and three 5-year options). See Figure 3 for an example of a contract migration. Using this process, FAS consolidated 721 separate pre-existing professional services contracts into 322 PSS contracts. These migrated contracts accounted for \$4.2 billion in sales in fiscal year 2015.

Figure 3 – Example of Migrated Contract

Former Schedule Title	Former Contract Expiration	New Schedule Title	New Contract Start Date	New Contract Expiration
PES	10/1/2017	PSS	10/2/2015	10/1/2020
MOBIS	11/1/2018			

Results

FAS's process to consolidate certain pre-existing service contracts into the PSS resulted in the award of new contracts without establishing price reasonableness, as required by federal regulations. Contracting officers also used a combined "Pre and Price Negotiation Memorandum" template that does not adhere to applicable requirements. Lastly, contract files lack detail necessary to support contracting officers' fair and reasonable pricing determinations.

Finding 1 – FAS's process to consolidate pre-existing services contracts into the PSS resulted in the award of new contracts without establishing price reasonableness as required by federal regulations.

During the process of consolidating contracts into the PSS, FAS migrated 721 pre-existing contracts into new PSS contracts. In doing so, FAS established 322 contracts, with estimated sales of \$21 billion over the 5-year base period. We sampled 45 contracts, accounting for over 78 percent of fiscal year 2015 sales of the 322 contracts. Of the sampled contracts, 44 contracts, with total annual schedule sales of \$2.5 billion, were awarded without required price analyses. As a result, prices for these contracts, and others awarded without required price analysis could remain unevaluated for up to 10 years, increasing the likelihood that customer agencies will overpay for services under these contracts and placing taxpayer dollars at risk.

According to FAS, the pre-existing contracts were migrated in accordance with FSS Acquisition Letter FC-01-7 – *Implementation of Corporate Contracting Across Acquisition Centers and Administration Zones*. This policy, established in December 2001, instructs contracting officers to process migrations as contract modifications to a pre-existing contract. However, FAS deviated from this policy because its current system does not allow for the issuance of a new contract number through modification to a pre-existing contract. As a result, FAS awarded new contracts with full 5-year base periods; whereas, the cited policy would have maintained the original period of performance of the modified contract.

Specifically, FAS required contractors with multiple service contracts to submit a new offer for a single contract under the PSS solicitation. The new offer was to be submitted with the same pricing, terms, and conditions included in the original contracts. When new offers were received, contracting officers verified that the terms and conditions of each new offer matched the existing terms and conditions of the contract to be migrated. However, contracting officers did not perform a price analysis or hold negotiations with contractors.

The lack of a price analysis was acknowledged in the award documentation of the 44 contracts awarded without a price analysis, with the following statement:

The purpose of this contract action is to migrate (combine) the following Individual Schedule Contracts (contract #s) into one single contract. As a

result, currently awarded services and prices from (company name) Individual Schedule Contracts are hereby transferred to GSA's Consolidated Schedule Program.... As this action is a transfer of currently awarded services and prices, a reevaluation of services, prices, and scope was not performed. Any changes to these areas, whether initiated by the Government or the Contractor, will be evaluated under a separate action and if approved, this contract will be modified accordingly.

Additionally, the award documents for 29 of the 45 sampled contracts contained the following statement regarding the contractor's pricing disclosures:

As this action is a consolidation of existing contracts with previously negotiated terms and conditions, (company name) was not required to update/change its MFC and price discount information to ensure that its pricing disclosures were current, accurate and complete as of 14 days prior to offer submission. If changes are necessary and/or the information needs to be updated, the contractor is advised to submit a modification request after the migration action is complete.

As a result, the pricing established at the time of the previous 5-year option awards may remain unevaluated for up to 10 years. For example, one contractor held separate MOBIS and FABS contracts with 5-year option periods effective November 1, 2010, and July 6, 2011, respectively. On October 7, 2015, FAS migrated both contracts – without conducting a price analysis or holding negotiations – into a new PSS contract with a 5-year base period ending on October 6, 2020.

FAR 15.402, *Pricing Policy*, requires contracting officers to determine whether offered prices are fair and reasonable and to price each contract separately and independently. Furthermore, while not in effect during the migration period, current FAS policy reiterates this FAR requirement. Specifically, FAS Policy and Procedures 2016-04, *Guidelines for the Award of Overlapping FSS Contracts (continuous contracts)*, states:

Proposed prices under the new offer must be determined fair and reasonable independent of the terms awarded under the existing contract. When evaluating the new offer, contracting officers must negotiate prices and pricing terms (e.g., economic price adjustment, basis of award, etc.) that represent the best possible deal for the Government. Though a comparison of proposed prices/pricing terms against those already awarded under the existing contract can provide valuable insight, contracting officers must not rely solely on this information when making a determination of fair and reasonable pricing.

FAS's process for migrating contracts to the PSS resulted in the award of new contracts without price analysis performed by a contracting officer. Such analysis of proposed pricing is required by federal regulations. Without this analysis, FAS and customer agencies do not have assurance that GSA schedule prices for professional services are

fair and reasonable. Therefore, FAS should perform a formal price analysis on PSS migrated contracts to determine if the contract pricing is fair and reasonable.

Finding 2 – The "Pre and Price Negotiation Memorandum" template used by PSS contracting officers does not conform to the FAR and FAS policy.

The contracting officers administering migrated and transitioned PSS contracts used a template to record contract negotiation actions. This template combines the Pre-Negotiation Memorandum and Price Negotiation Memorandum into one document. However, this template is missing key information required by federal regulation and FAS internal policy. Without this information, we were unable to determine whether contracting officers achieved their negotiation objectives and obtained best pricing.

FAS's Instructional Letter (IL) 2011-02, Mandating the Use of Pre-Negotiation, Price Negotiation and Final Proposal Revision Templates for the Federal Supply Schedules Program (and supplements 1-5), requires the use of separate pre-negotiation and price negotiation templates for the award and administration of contracts. These separate templates are designed to meet FAR requirements for documenting contract negotiation actions. Specifically, the Pre-Negotiation Memorandum template is designed to meet FAR 15.406-1, Prenegotiation Objectives, which requires that contracting officers establish and document pre-negotiation objectives prior to the commencement of negotiations. The Price Negotiation Memorandum template is used to document the contracting officer's negotiations with the contractor, in accordance with FAR 15.406-3, Documenting the Negotiation.

The combined template used by PSS contracting officers does not indicate if negotiation objectives were established prior to entering negotiations. Without this information, it is not possible to determine whether negotiation objectives were established prior to negotiation and whether those objectives were achieved. As a result, the template is not meeting its intended purpose of facilitating contracting officer compliance with FAR requirements governing documentation of negotiations. Furthermore, the combined template does not adhere to FAS IL 2011-02, which specifically requires the use of separate pre-negotiation and price negotiation templates for the award and administration of contracts. In order to ensure compliance with FAR and FAS policy, FAS should require that the Office of Professional Services and Human Capital Categories discontinue use of the combined "Pre and Price Negotiation Memorandum" template.

Finding 3 – Contract file documentation lacks sufficient information to determine fair and reasonable pricing, as required by federal regulation and FAS guidance.

The price analyses in the sampled contracts lacked detail to adequately support the awarded labor category rates. To determine price reasonableness prior to exercising an option, PSS contracting officers perform a market analysis using a price comparison database called the *Management Services Center pricing database*. However, when documenting the market analysis, the contracting officers did not specifically identify the

varying prices of compared labor categories found in the database or any analysis of the source data, but rather, only included limited summary-level information.

For example, in one market analysis, the contracting officer cited 523 comparable rates for a proposed labor category but did not document the actual rates or source of the rates evaluated in the comparison. Due to limited details and a lack of support, we were unable to verify price reasonableness determinations.

FAR 15.403-3(c)(1), *Contract Pricing*, requires that the contracting officer perform a price analysis to determine fair and reasonable pricing whenever acquiring a commercial item or service. Further, FAR 4.801, *Government Contract Files*, states that documentation in the contract files shall provide a complete background as a basis for informed decisions, to support actions taken, and to provide information for reviews and investigations. Additionally, GSA Procurement Information Bulletin 05-4, *Documentation, Documentation, Why It's Important!*, states that data and information related to the contracting officer's price reasonableness determination should be included in the contract file. Contracting officers must specifically document the steps performed, explain the results in detail to support the analysis, and provide any documents used during the analysis to support their determination. Accordingly, FAS should take action to ensure PSS contracting officers include sufficient detail in the contract file to support price reasonableness determinations.

Other Observation

As part of the PSS consolidation, FAS allowed contractors to retain their current contracts to continue performance under existing blanket purchase agreements (BPAs) and task orders, while also obtaining a new PSS contract to compete for new business opportunities. As of July 1, 2016, 49 such contracts remained active. Although this practice does not violate federal regulation or policy, FAS has limited guidance and controls in place to minimize risks related to the administration of the Price Reductions clause and sales reporting for overlapping contracts.

FAS Policy and Procedures 2016-04, *Guidelines for the Award of Overlapping FSS Contracts (continuous contracts)*, acknowledges the risks associated with overlapping contracts, as follows:

To the maximum extent possible, contracting officers should strive to maintain consistency between the overlapping contracts to reduce potential confusion among ordering activities and contractors. Inconsistency between the two contracts could increase the risk of contract number misapplication, Industrial Funding Fee payment errors, and improper blending of terms from the two FSS contracts.

To minimize risk, FAS should consider developing more detailed guidance surrounding overlapping contracts. For example, the guidance should focus on ensuring that price

reductions are administered properly and that overlapping contract sales are properly reported. Additional guidance in these areas could aid contracting officers in the award and administration of contract options and assist FAS's Industrial Operations Analysts in conducting compliance reviews.

Conclusion

FAS's process to consolidate certain pre-existing contracts into the PSS resulted in the award of 44 new contracts without required price analysis and negotiation. As a result, FAS and customer agencies do not have assurance that the prices for these contracts, which account for over \$2 billion in annual schedule sales, are fair and reasonable. In addition, the template used by PSS contracting officers to document pre-negotiation objectives and results of negotiations is not compliant with federal regulations and FAS policy. Specifically, the template lacks information necessary to verify whether contracting officers established negotiation objectives prior to entering negotiations and obtained best pricing. Lastly, contract files were missing necessary documentation to support contracting officers' price reasonableness determinations, as required by federal regulation and FAS guidance.

Recommendations

We recommend that the Commissioner of FAS:

- Direct the Office of Professional Services and Human Capital Categories to perform a formal price analysis on PSS migrated contracts to determine if the contract pricing is fair and reasonable.
- 2. Direct the Office of Professional Services and Human Capital Categories to discontinue the use of the "Pre and Price Negotiation Memorandum" template and use the separate Pre-Negotiation Memorandum and Price Negotiation Memorandum mandated by FAS Instructional Letter 2011-02.
- 3. Develop and issue guidance to contracting staff on documenting detailed price analyses, including reviews of comparable labor categories and rates, in order to support contracting actions in the contract file.

GSA Comments

The Commissioner of FAS generally agreed with our findings and recommendations. GSA's written comments to the draft report can be found in their entirety in *Appendix B*.

Audit Team

This audit was managed out of the Mid-Atlantic Region Audit Office and conducted by the individuals listed below:

Thomas Tripple Regional Inspector General for Auditing

Susana Bandeira Audit Manager
Michelle Luna Auditor-In-Charge

Justin Long Auditor

Appendix A – Scope and Methodology

Our audit scope consisted of a judgmental sample of 55 PSS contracts. We selected our sample from different contracting officers and contracting specialists who award and administer PSS contracts in order to obtain a general representation of contracting activities.

To accomplish our objectives, we:

- Reviewed the FAR and FAS policies pertaining to the negotiation and administration of contracts;
- Interviewed Office of Professional Services and Human Capital Categories officials, senior management, and supervisory contracting officers to gain an understanding of their role in the consolidation of service contracts to PSS;
- Obtained and analyzed the universe of all PSS contracts to determine contract values, periods of performance, and the effects of the consolidation process;
- Reviewed 45 contract migrations to determine whether contract award procedures and documentation were in accordance with federal regulations and FAS policies;
- Examined contract option award documentation for a judgmental sample of 10 transitioned contracts, totaling \$108 million in fiscal year 2015 sales;
- Analyzed FAS's "Pre and Price Negotiation Memorandum" template to determine if it complied with federal regulations and FAS policy; and
- Interviewed contracting officers and senior management regarding the region's policies and procedures, as well as contract file documentation.

We conducted the audit between November 2015 and December 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

Our assessment of internal controls was limited to those necessary to address the objective of the audit. Identified internal control issues are discussed in the Results section of this report.

Appendix B – GSA Comments



Federal Acquisition Service

March 6, 2017

MEMORANDUM FOR THOMAS TRIPPLE

REGIONAL INSPECTOR GENERAL FOR AUDITING

MID-ATLANTIC REGION AUDIT OFFICE (4)

FROM:

THOMAS A. SHARPE

COMMISSIONER (Q)

SUBJECT:

Management Response to the Office of Inspector General Draft

Report Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts, Number A160037,

dated January 26, 2017

Thank you for the opportunity to respond to the findings identified in the Office of Inspector General (OIG) draft Audit Report Number A160037, *Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contract* in which were provided recommendations on how the Federal Acquisition Service can improve its price evaluations, contract documentation process, guidelines, and memorandums to the file under the migration of existing contracts to the new Professional Services Schedule contract.

On October 1, 2015, GSA launched the new <u>Professional Services Schedule</u> (PSS) to provide access to the same scope of professional services found in eight existing Schedule contracts but through a unified solution. The new Schedule significantly reduces contract duplication as well as burden for contractors associated with negotiating, awarding and administering multiple contracts. Further, the consolidation improves the federal buyers' access to complex professional services. By FY 2020, the PSS will eliminate more than 700 contracts, resulting in an estimated five year savings of \$4 million and sustained savings of \$1.3 million annually thereafter.

The Assistant Commissioner for FAS's Office of Professional Services and Human Capital Categories (PSHC) and I have reviewed the draft audit report and while we do not fully agree with some of the findings, FAS does concur with the overall substance of those findings and the resulting recommendations.

Should you have any questions, please contact Judith R. Zawatsky, judith.zawatsky@gsa.gov, at (703) 605-2593.

1800 F Street, NW Washington, DC 20405 www.gsa.gov

Appendix B - GSA Comments (cont.)

Attachment

cc: Tiffany T. Hixson, Assistant Commissioner, PSHC (QR)
Chiara McDowell, Acting Assistant Commissioner, OPAC (QV)
Judith Zawatsky, Director, MAS Program Management Office (Q1A)
Barbara E. Bouldin, Deputy Assistant Inspector General for Acquisition Audits

Appendix B – GSA Comments (cont.)

Management Response to Audit Report A160037

For your consideration below please find FAS's response to each of the draft audit findings and recommendations.

<u>Finding 1</u> – FAS's process to consolidate pre-existing services contracts into the PSS resulted in the award of new contracts without establishing price reasonableness as required by federal regulations.

<u>Recommendation 1</u> - Direct the Office of Professional Services and Human Capital Categories to perform a formal price analysis on the PSS migrated contracts to determine if the contract pricing is fair and reasonable.

FAS agrees with this finding in that the required documentation for price reasonableness was not performed as part of the issuance of the new contract. FAS does note that the contracting officials did review recent determinations of fair and reasonable pricing to ensure that such had been done on the individual contracts being migrated.

To properly accomplish this corrective action, in January 2017, the current contracting officers for each of the migrated contracts were directed to independently reevaluate all 327 migrated contracts to ensure prices awarded were fair and reasonable. Corrective action began in February 2017 including:

- Verification that current Commercial Sales Practice (CSP) information was incorporated into awarded contracts.
- Verification that appropriate price analysis was conducted. Based on the judgement of the reviewing contracting officer, where an appropriate price analysis was not conducted:
 - a new price analysis will be completed that may include negotiations with the impacted contractor; and,
 - if it is found that rates are significantly overstated and/or a firm's CSP disclosures were not current at the time of migration a post-award audits may be initiated.
- Contracting officers will document their reevaluation findings in the contract file by preparing the appropriate memorandums to the file. The memorandum(s) will include clear statements regarding price reasonableness as well as evidence supporting their judgement of price reasonableness.

Appendix B – GSA Comments (cont.)

<u>Finding 2</u> – The "Pre and Price Negotiation Memorandum" template used by PSS contracting officers does not conform to the FAR and FAS policy.

<u>Recommendation 2</u> – Direct the Office of Professional Services and Human Capital Categories to discontinue the use of the "Pre and Price Negotiation Memorandum" template and use the separate Pre-Negotiation Memorandum and Price Negotiation Memorandum mandated by FAS Instructional Letter 2011-02.

FAS agrees in part with this finding. While FAS disagrees that PSHC templates used for documenting contract awards do not comply with internal FAS policies, all PSHC contract documentation templates will be reviewed to ensure the templates comport with FAS guidance and Transactional Data Reporting (TDR) requirements, as applicable.

<u>Finding 3</u> – Contract file documentation lacks sufficient information to determine fair and reasonable pricing, as required by federal regulation and FAS guidance.

<u>Recommendation 3</u> – Develop and issue guidance to contracting staff on documenting detailed price analyses, including reviews of comparable labor categories and rates, in order to support contracting actions in the contract file.

FAS agrees in part with this finding. FAS has robust internal guidance on price analyses, but in response to this finding and audit recommendation, will review existing guidance to ensure that the contracting officers have updated guidance on reviewing comparable labor categories and rates so that they may document and support contracting actions.

Appendix C - Report Distribution

Acting GSA Administrator (A)

FAS Commissioner (Q)

FAS Deputy Commissioner (Q1)

Chief of Staff (Q1)

Acting Assistant Commissioner, Office of Acquisition Management, (QV)

Program Management Officer (QV0EB)

Financial Management Officer, FAS Financial Services Division (BGF)

Acting Regional Administrator (10A)

Assistant Commissioner, Office of Professional Services and Human Capital Categories (QR)

Deputy Regional Commissioner (QR)

Chief Administrative Services Officer (H)

GAO/IG Audit Management Division (H1G)

Assistant Inspector General for Auditing (JA)

Director, Audit Planning, Policy, and Operations Staff (JAO)

UNCLASSIFIED

REAL ID ACT Acceptable Alternative Identification

October 13, 2016

The below forms of identification are acceptable alternatives to non-compliant state or territory issued photo identification. Other forms of U.S. Government issued identification will be accepted on a case-by-case basis.

- U.S. Passport
- U.S. Passport ID Card
- Foreign Government Passport
- U.S. Military ID (active duty or retired military and their dependents, and DoD civilians)
- U.S. Government Issued Common Access Card (CAC)
- U.S. Government Issued Official Credentials (i.e. NSA, CIA, FBI, etc.)
- DHS Enhanced DL (must state "Enhanced" at top of license and issued by Michigan, Minnesota, Vermont, New York, and Washington State)
- U.S. Government issued HSPD-12 PIV Card
- Transportation Worker Identification Card (TWIC)

PLEASE NOTE: This document is for informational purposes only; all submissions must be made using the web-based form located at http://www.fai.gov/AE2017-Award-Submission.

Acquisition Excellence and Small Business Excellence 2017

The Acquisition Excellence and Small Business Excellence Awards allow the Chief Acquisition Officers Council (CAOC) to recognize outstanding improvements in acquisition throughout the Federal Government.

Chief Acquisition Officers Council (CAOC) 2017 Acquisition Excellence and Small Business Excellence Award Nominations

As part of the efforts to recognize acquisition professionals who contribute to outstanding improvements in acquisition throughout the Federal Government, the Chief Acquisition Officers Council (CAOC) is seeking nominations for the 2017 Acquisition Excellence and Small Business Excellence Awards. Nominations are being solicited for federal employees engaged in team or individual activities that led to excellent results in any of the following five acquisition categories in FY 2016:

Acquisition Excellence Award

An award will be given to both an individual and a team.

Category #1 – Program Management: Demonstrated programmatic excellence and success by balancing the many factors that influence cost, schedule, and performance. Demonstrated the ability to interpret and tailor application of the FAR, and ensured that a high-quality, affordable, supportable, and effective product was delivered to the customer. The program should have utilized innovative methods for management to include the use of risk management.

Category #2 – Innovation: Developed an innovative solution for acquisition or pathway to drive innovation. The innovative solution can be in any acquisition area, such as developing a challenge to obtain an innovative solution to a requirement, developing an innovative acquisition process to get the best solution, utilizing strategies from the TechFAR handbook or the Digital Services Playbook that resulted in an innovative solution, or developing innovation in acquisition training for the workforce, among others. Acquisition labs that are helping to accelerate internal capacity to facilitate innovative solutions will also be considered.

Category #3 – Category Management: Demonstrated excellence and success in category management, including, but not limited to: increasing savings/cost avoidance, reducing unnecessary contract duplication while meeting small business goals, effective supplier engagement, and bringing additional spend under management.

Small Business Excellence Award

An award will be given either to an individual or a team.

Category #1 – Effective Collaboration: Individuals or teams engaged in collaboration between their Office of Small and Disadvantaged Business Utilization (OSDBU), the program management office, and the contracting office that led to awards that were successful from both a small business and an acquisition perspective in FY 2016.

Category #2 – Use of Small Business Tools to Maximize Opportunities for Small Businesses: Individuals or teams that maximized opportunities for small businesses using the authority to reserve one or more contract awards when conducting multiple-award procurements using full and open competition, or using the authority to set aside part or parts of a multiple-award contract (see FAR 19.502-4).

Nomination packages will be evaluated against the following criteria:

- Criterion #1 Results: The team or individual demonstrated results that exceeded original expectations.
- Criterion #2 Impact: The impact of the effort was substantial and provided significant value to the agency and/or other beneficiaries.

Nominations will be accepted through March 20, 2017. Nominations will be judged using a two-step process:

- Step 1: The initial nominations will be judged by either a panel of senior acquisition professionals (Acquisition Excellence Award) or a panel of senior small business professionals (Small Business Excellence Award).
- Step 2: You will be contacted if your submission is selected as one of the top 3 individual or team submissions and asked to provide more detailed information on the nomination for the Senior Procurement Executive (SPE)/Office of Small and Disadvantaged Business Utilization (OSDBU) Director judges who will select the winners. Nominees may be asked to prepare a case study on their efforts.

The awards will be presented at Acquisition Excellence in Washington, DC in Summer, 2017. If you have additional questions regarding the nomination process, please contact Joanie Newhart, Associate Administrator, Office of Federal Procurement Policy (OFPP) at inewhart@omb.eop.gov or 202-395-4821.

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March 13, 2017

Mr. Timothy O. Horne Acting Administrator U.S. General Services Administration 1800 F St, NW, Room 6460 Washington, DC 20405

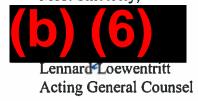
Dear Tim:

The Office of General Counsel (OGC) will hold its 2017 National Training Forum on May 10 and 11, 2017. The attendees of this biennial event include attorneys and staff from our offices nationwide. On behalf of OGC, I invite you to speak at our 2017 National Training Forum on Wednesday, May 10, 2017. Based on your role as Acting Administrator, as well as your 24 years of service at GSA, we are eager to hear about your vision and goals for GSA moving forward.

If you are able to attend we will schedule about 30 minutes for your remarks to begin at 8:30 am during the commencement of the 2017 OGC National Training Forum located at The National Transportation Safety Board Conference Center (490 L'Enfant Plaza SW, Washington, DC 20024). If you prefer to speak for a longer or shorter period of time, please let us know. We are happy to adjust the schedule.

Please let me know if you are able to accept our invitation. Should you have any questions, please do not hesitate to contact me via reply or at (202) 501-2200.

Most Sincerely,



AGENCY TRANSITION ROUNDTABLE AGENDA

TUESDAY, MARCH 21, 2017 - 9:00AM TO 10:30AM

Purpose: To examine the state of agency transition and evaluate the path forward.

9:00 – 9:30 a.m. Status check: update on engagement with the administration

Purpose: To share insights gleaned from the Center's engagement with teams of new appointees and facilitate conversation on developments across agencies.

across agencies.

9:30-10:00 a.m. **Agency lessons learned**

Purpose: To hear different agency leaders' perspectives on what worked well and what could be done differently in light of the experience gained during this transition.

during this transition.

10:00-10:30 a.m. Now what? The post-transition plan

Purpose: To lead a discussion on new directions for this group, administration initiatives, and the creation of a new agency network.



ATTACHMENT 1: FITNESS DETERMINATION ZONES

Zone A includes Regions 1, 2, and 3.

Team Lead: Tom Heinze

Email Address: zonea-hspd12@gsa.gov

Zone B includes Regions 4 and 7.

Team Lead: Cheri Tow

Email Address: zoneb-hspd12@gsa.gov

Zone D includes Regions 9 and 10.

Team Lead: Kristy Frost

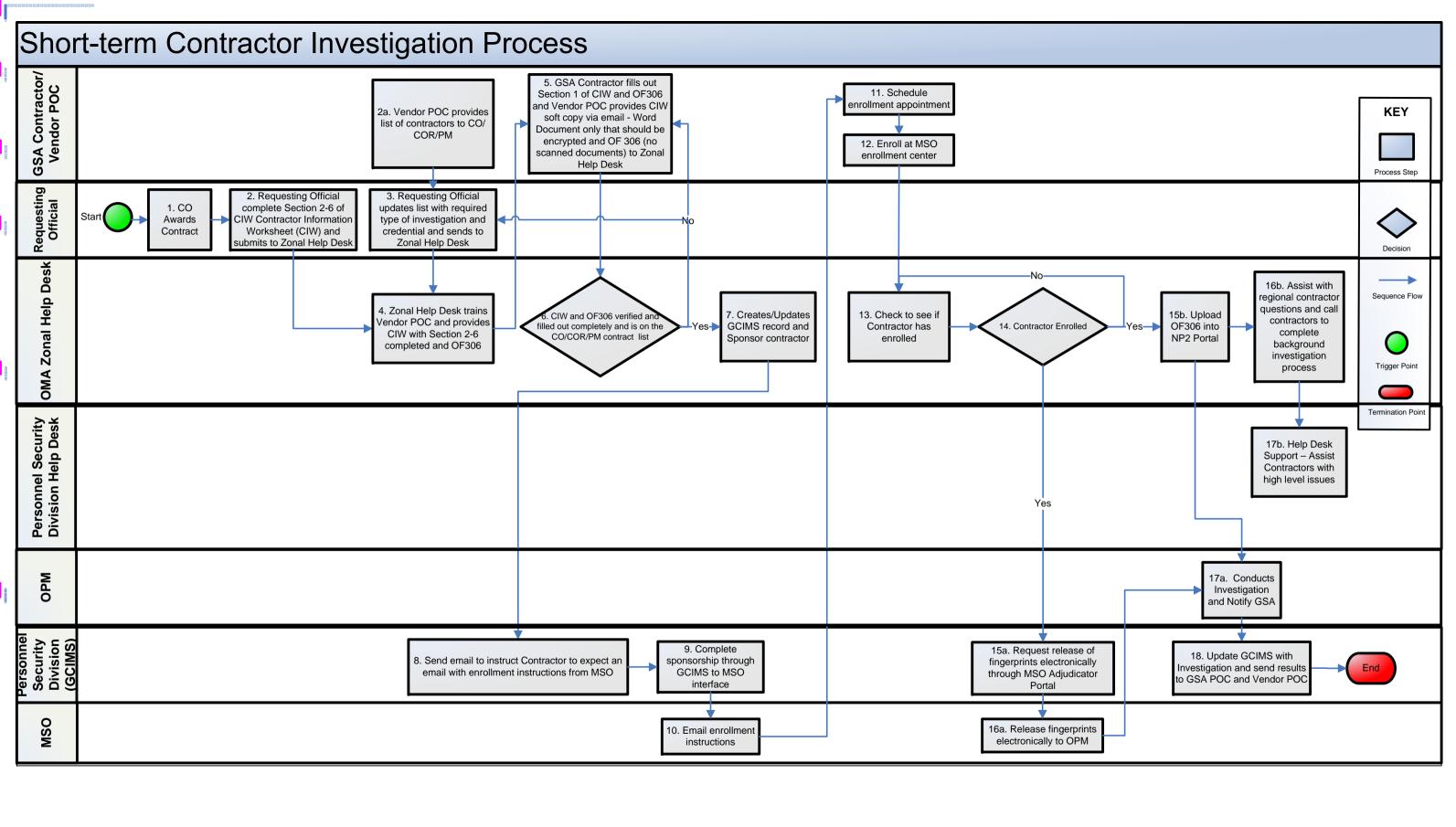
Email Address: zoned-hspd12@gsa.gov

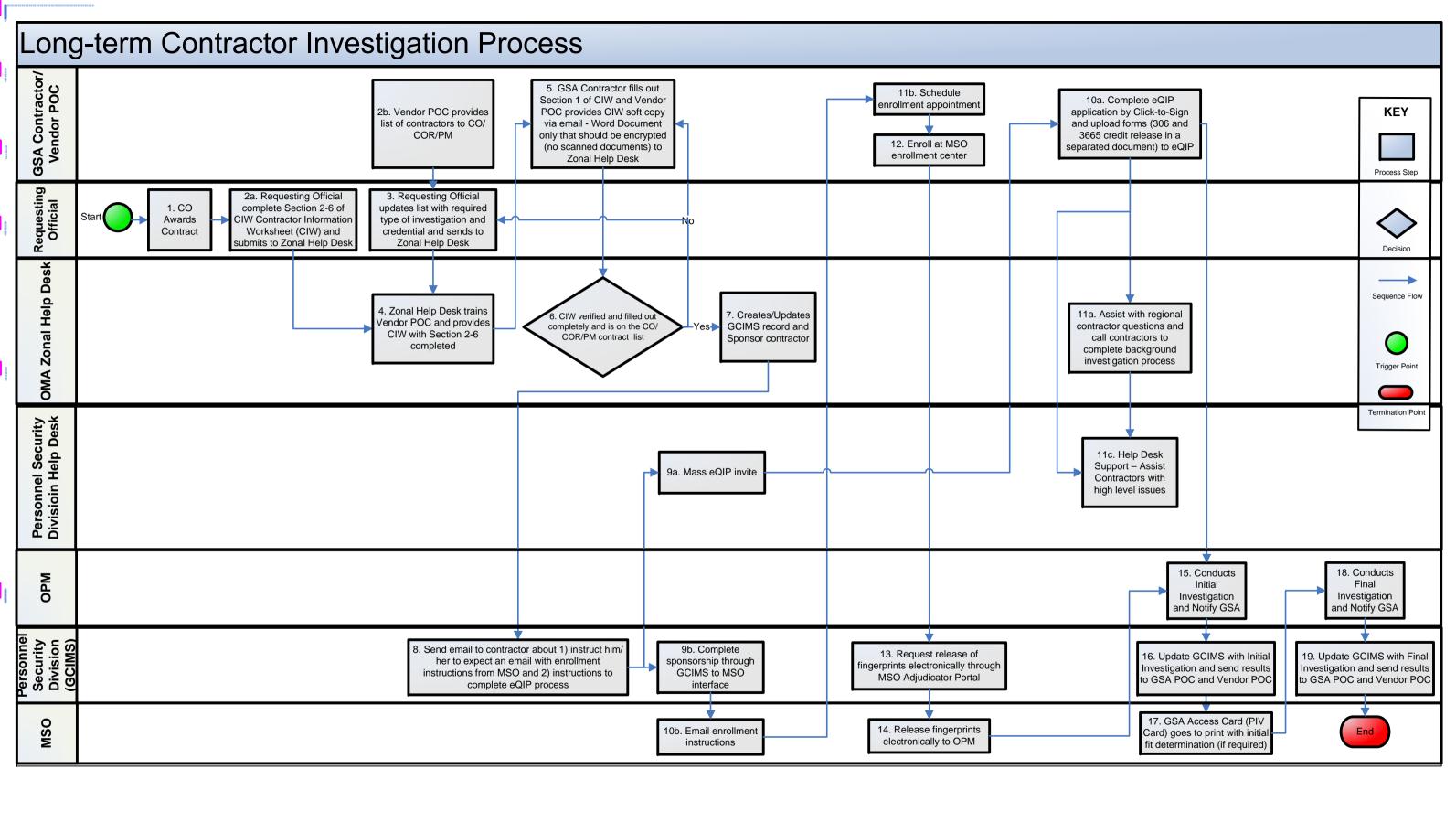
Zone E includes Regions NCR and CO.

Team Lead: Phil Ahn

Email Address: hspd12.security@gsa.gov

Zone C includes Regions 5, 6, and 8. Team Lead: Connie Chidester Email Address: zonec-hspd12@gsa.gov





ATTACHMENT 3

GSA REQUESTING OFFICIAL'S ROLES AND RESPONSIBILITIES FOR THE CONTRACTOR FITNESS DETERMINATION PROGRAM

- 1. Completes sections 2-6 of the Contractor Information Worksheet (CIW), as a template for each existing active contract, task order, lease, or RWA, and submits to Zonal Help Desk.
- 2. Completes sections 2-6 of the CIW, as a template for each newly awarded contract, task order, lease, or RWA, and submits to Zonal Help Desk.
- Completes sections 2-6 of the CIW, as a template for each contract extension, when a contract option is exercised, or POC change (GSA and/or Vendor) and submits to Zonal Help Desk.
- 4. Receives initial RO Contractor Approval List from Vendor, completes information related to type of investigation and credential required, and submits to Zonal Help Desk.
- Receives updated RO Contractor Approval List from Vendor each time individuals are added or inactivated on the contract, completes information related to type of investigation and credential required, and submits to Zonal Help Desk.
- 6. Notifies Zonal Help Desk when contract has ended, and returns all credentials issued.
- 7. Responds to inquiries from Zonal Help Desk, and takes action as appropriate, regarding fitness determination and PIV card status of contract employees.

5400.2 ADM General Services Administration Heads of Services and Staff Offices' and Requesting Officials' Roles and Responsibilities to Implement Homeland Security Presidential Directive-12

https://insite.gsa.gov/portal/content/533289

CONTRACTOR INFORMATION WORKSHEET v1 (For Official Use Only) OMB Control Number: 3090-0283 Expiration Date: 07/31/2019

Paperwork Reduction Act Statement - This information collection meets the requirements of 44 U.S.C. § 3507, as amended by section 2 of the Paperwork Reduction Act of 1995. You do not need to answer these questions unless we display a valid Office of Management and Budget (OMB) control number. The OMB control number for this collection is 3090-0283. We estimate that it will take 15 minutes to read the instructions, gather the facts, and answer the questions. Send only comments relating to our time estimate, including suggestions for reducing this burden, or any other aspects of this collection of information to: U.S. General Services Administration, Regulatory Secretariat Division (MIV1CB), 1800 F Street, NW, Washington, DC 20405.

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Interview activity: Dave Zvenyach has been invited to do a Federal News Radio pre-recorded radio interview on March 16 for their *The Business of Government Hour* program. This was entered into the Event Tracker and not submitted to the press office for clearance, and Dave has committed to the editor that he'll do the interview. Drew is working with Dave to try to get interview questions so we can provide TPs and get the leadership team's clearance on this. Generally he is speaking modular contracting, the value of user-centered design, commercially available services and the value of open source.

Questions for V. David Zvenyach Executive Director -18F U.S. General Services Administration (GSA) "The Business of Government Hour"

Segment One: Mission Overview

- 1. Would you provide an overview of the history and evolving mission of the General Services Administration's 18F? Why was it created and how has it evolved to date?
- 2. I'd like to understand the operational footprint of 18F. Would you tell us more about its core lines of business and how is it organized? How does 18F fund its operations?
- 3. What are your duties and responsibilities 18F? How do your efforts support GSA's overall mission?
- 4. Regarding your responsibilities and duties, what are the top challenges that you face in your position and how are you addressing these challenges?
- 5. Along with the challenges you've encountered, what has surprised you most since taking on current role?
- 6. Could you describe your career path for our listeners? How do you begin your career and what brought you to your current leadership role?
- 7. What characteristics make one an effective leader? What leadership principles guide your efforts and how you lead?

Segment Two: Building a Federal Digital Consultancy

- 1. Would you outline your strategic vision for this office? What are the key objectives you have sought to move forward during your tenure?
- 2. What does it mean to hack bureaucracy? Is it more about fighting to curb policies that stifle innovation and how does one become a hacker of bureaucracy?
- 3. What is agile development? How does it work in practice? What are the benefits of this approach to development? Are there any challenges and/or drawbacks to using this approach?

- 4. How do you transform an agency's digital presence with agile and user-centered design? Perhaps you could highlight 18F's work with the Federal Election Commission or any other agencies illustrate?
- 5. The federal government spends over \$80 billion dollars per year on information technology. I'd like to talk about 18F's effort in streamlining software procurement. What have you done to streamline software procurement? How have you worked within GSA to creating a pool of pre-vetted vendors who use agile development methods and provide federal agencies with access to these vendors? How are you working with federal agencies that use the Agile BPA?
- 6. I'd like to explore the other methods 18F uses in delivering projects. Would you elaborate on these methods and why they are grouped into four phases? How often have these methods been updated to reflect lessons learned and best practices?
- 7. How do you explain 18F's value to government? Is it beyond its budget generation and balancing its revenue with its expenses?
- 8. GSA's Office of Inspector General (OIG) for the U.S. General Services Administration released a report critical of some of the business process of 18F. Would you tell us more about your efforts to address the concerns and recommendations outlined in the recent IG report?

Segment Three: 18F in Action

- 1. The Centers for Medicare and Medicaid Services (CMS) award over \$5 billion in federal funding to state Medicaid agencies for the IT systems that support eligibility, enrollment, data analytics and health IT. A handful of vendors currently dominate the Medicaid IT market, so CMS is looking to make the Medicaid IT market more competitive. To what extent have you worked with CMS on making the Medicaid IT market more competitive? Has 18F made recommendations to CMS in this area?
- 2. I'd like to discuss how the State of California changed direction on a \$500 million IT project for Child Welfare Services and 18F's involvement in working with this state. To a large degree it's about technology, but it's also about leadership. Would you tell us more about 18F's contribution in this effort? How did 18F work with the U.S. Department of Health & Human Services and the State of California to strategically re-think large IT procurement?
- 3. As a follow up, 18F is working with the City Innovate Fund. Would you elaborate on your plans to work with state and local entities? Are there any projects or initiatives that 18F is pursuing at the state and local level?
- 4. The U.S. has shown its commitment to the Open Government Partnership (OGP) through the U.S. Open Government National Action Plans, which promote the OGP's principles of transparency, facilitating access to government services for the public, and citizen engagement. Would you elaborate on how 18F worked together with several federal agencies to advance the partnership's goals? Perhaps you could identify key project 18F worked on in this area to date?
- 5. Beyond these specific projects, how has 18F acted as a champion for working in the open with open

- data that's easily reused by the public, and building projects that are easily adapted and reused by the public and other governments? How does analytics.usa.gov illustrate 18F's work in this area?
- 6. What is cloud.gov? How the Federal Risk and Authorization Management Program (FedRAMP) help federal agencies use cloud.gov? What improvements have you made along the way? Perhaps you could give examples of live federal systems built on cloud.gov,? What lessons have you learned to help other cloud service providers go through the FedRAMP process?
- 7. Federal rules make their way from inside agencies into the official rulebook (the Code of Federal Regulations) by going through an official feedback process called "notice and comment. Would you tell us about 18F's efforts to modernize the regulatory notice and comment process? How has the eRegulations platform make this happen? What was learned from this effort?
- 8. OPTIONAL Would you tell us about the mission and purpose of 18F's Writing Lab? How does it work to help federal agencies? Perhaps you could highlight some of its work?

Segment Four: Collaborating and Focusing on the Future

- 1. Some contractors feel as though 18F competes with them for work and have been critical of its efforts. What's your interaction with the vendor community been like?
- 2. What lessons learned have your learned from the British experience with its Government Digital Services (GDS)? How has 18F helped to inform the practices of other governments and international organizations?
- 3. I talk with many of my guests about the use of collaboration and partnerships among agencies and with the private sector to achieve mission results. How are you leveraging partnerships and collaboration to improve operations, achieve program outcomes, and mission execution?
- 4. Now, looking into your crystal ball and transitioning more to the future, would you give us a sense of some of the key issues that will affect your efforts over the next year or two?
- 5. What advice would you give to those considering a career in public service?







CAPABILITY STATEMENT

• Corporate Contact Info

Biospace Inc. DBA. InBody

13850 Cerritos Corporate Drive Suite C, Cerritos, CA 90703

Phone: 323-932-6503 Fax: 323-952-5009

email: biospace.gsa@gmail.com

website: inbody.com

Geographical Coverage

United States of America and United States domestic and International Military Bases

Areas of Expertise

- Professional Body Composition
- Professional Body Water Analysis
- Portable Stadiometer
- Only wearable that measures body composition
- Direct Segmental Multi-Frequency BIA technology

• Unique capabilities or resources

- Biospace Inc. is the Sole Source Provider of the InBody
- InBody utilizes proprietary patented technology
- In depth reporting which includes data that only InBody can provide: segmental water analysis, segmental phase angle data
- Only InBody is non-reliant on prediction equations/empirical data
- Validated to Gold Standard Methods

Past Projects or Customers & Brief Description

- Federal Occupational Health, Smithsonian Institute and more- Employee Wellness
- Indian Health Services Diabetes maintenance and prevention
- Special Operations Command for all Branches of Military Human Peformance Dieticians and Strength and Conditioning
- Fitness Centers for MWR, CIA, Pentagon Athletic Center, Parks and Rec and more



• DUNS #, CAGE code, NAICS, SIC, PSC/FSC codes:

- DUNS: 003559312 - CAGE: 4WXY5

- NAICS:

339112	SURGICAL AND MEDICAL INSTRUMENT MANUFACTURING
339113	SURGICAL APPLIANCE AND SUPPLIES MANUFACTURING
423450 Yes	MEDICAL, DENTAL, AND HOSPITAL EQUIPMENT AND SUPPLIES MERCHANT WHOLESALERS
446199	ALL OTHER HEALTH AND PERSONAL CARE STORES

- SIC/PSC/FSC codes:

6530	HOSPITAL FURNITURE, EQUIPMENT, UTENSILS, AND SUPPLIES
7810	ATHLETIC AND SPORTING EQUIPMENT

• Small Business Certifications (HubZone, SDB, 8(a), DVBE, DBE, etc.):

Small Business

Acquisition vehicles

- GSA Schedule, DOD eMall: V797P2188D/biospace.gsa@gmail.com
- CMAS: n/a
- Accept government credit cards: Yes

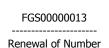
• Business Background/History

InBody is the global leader in BIA body composition. By utilizing the most advanced technology and modern BIA techniques, InBody devices can determine your Body Fat Percentage, Skeletal Muscle Mass, BMR, Total Body Water, and more without using any empirical estimations. Let InBody guide you to a healthier, happier life.

• Customer Testimonials and references

- Manny Ashamu, AFSOC Strength and Conditioning coach emmanuel.ashamu.ctr@us.af.mil
- Katie Frushour, Human Performance US Army katie.frushour@gmail.com







FGS0000019

Certificate Number FGS-FE-2-1629718

One Nationwide PlazaZ • Columbus, Ohio 43215 8877 North Gainey Center Drive • Scottsdale, Arizona 85258 A STOCK COMPANY

FEDERAL EMPLOYEE PROFESSIONAL LIABILITY MASTER INSURANCE POLICY CERTIFICATE OF INSURANCE

THIS POLICY COVERS ONLY CLAIMS FIRST MADE AGAINST THE INSURED MEMBER DURING THE POLICY PERIOD OR, IF APPLICABLE, THE EXTENDED REPORTING PERIOD AND REPORTED TO THE COMPANY PURSUANT TO THE TERMS AND CONDITIONS OF THE POLICY.

NAMED INSURED AND MAILING AD	DRESS	PROGRAM MANAGER NAME AND ADDRESS				
Public Employees Purchasing Group, Inc. 1401 Eye Street, NW, Suite 600 Washington, DC 20005		Anthony F. Vergnetti Federal Employee Defense Services, Inc. P.O. Box 65282 Washington, DC 20035 AGENT NUMBER: 19507				
INSURED MEMBER AND MAILING ADDRESS: Timothy Horne 1 Denver Federal C Denver, CO 80225		enter				
I BOI ICA BEBIOD		4/2017 To: 4/4/2018 d Time at the NAMED INSURED'S mailing address				

LIMITS OF LIABILITY:

SECTION I.	CIVIL	SUIT	COVERAGE
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Each INCIDENT: Each INCIDENT Aggregate for any one INCIDENT involving more than one individual INSURED MEMBER:	\$2,000,000.00 \$10,000,000.00
SECTION II. LEGAL DEFENSE EXPENSE COVERAGE	
Administrative Each DISCIPLINARY PROCEEDING, Investigation or JUDICIAL SANCTIONS PROCEEDING: Criminal Each CRIMINAL PROCEEDING, or Investigation:	\$200,000.00 \$100,000.00
$\ensuremath{OPTIONAL}$ LAW ENFORCEMENT OFFICER SAFETY ACT and STATE CONCEAL & CARRY SELF-DEFENSE SUBLIMIT	PROTECTION
Option Limit Each INCIDENT subject to SECTION I. Civil Suit Coverage Limit: Each CRIMINAL PROCEEDING involving Self-Defense subject to SECTION II. Criminal Legal Defense Expense Coverage Limit: EachCRIMINAL PROCEEDING involving Carrying a Firearm or Ammunition subject to SECTION II. Criminal Legal Defense Expense Coverage Limit: Each MASTER POLICY AGGREGATE:	: N/A N/A
REMIUM	

PREMIUM

Annual Policy Premium	\$390.00
Optional Sublimit Premium	\$0.00
Minimum Earned Premium	<u>\$97.50</u>
Surplus Lines Tax	<u>\$7.80</u>
Stamping Fee	\$0.00

The Master Policy Declarations, Policy Forms, Endorsements and Application are on file with the Company.

FOR A COPY OF, OR QUESTION REGARDING THIS POLICY, PLEASE CONTACT Federal Employee Defense Services, Inc. at (866) 955-FEDS (3337).

TO REPORT CLAIMS, PLEASE CONTACT:

The Claims Division of Federal Employee Defense Services, Inc. at (866) 955-FEDS (3337).



(866) 955-3337 (FEDS) www.fedsprotection.com

Reimbursement Certification

Professional Liability Insurance

Certificate Holder Information:

Timothy Horne 1 Denver Federal Center

Denver, CO 80225

Certificate Number: FGS-FE-2-1629718

Paid In Full	Coverage Dates	<u>Description</u>	Master Policy
\$397.80	4/4/2017 - 4/4/2018	Professional Liability Insurance	FGS0000019
\$390.00	Premium Paid*:		
\$7.80	Surplus Lines Tax Paid:	ludes no administrative fees	* Policy premium in

Prepared by:

Billing Services

Federal Employee Defense Services, Inc.

Prepared On: 3/20/2017

FEDS INSURANCE CARD					
Insured Name:	Timothy Horne				
Insured Certificate #:	FGS-FE-2-1629718				
Coverage Effective Date:	4/4/2017 - 4/4/2018				
For questions regarding your insurance coverage, please contact FEDS at 866-955-FEDS (3337).					

To Report Claims, contact the Claims Division of Federal Employee Defense Services, Inc. at 866-955-FEDS (3337).

ODC CPID Access/Login Instructions

Step 1 - Register your gsa.gov email address with MAX.gov

- If you're already registered with MAX.gov, no action needed (proceed to Step 2)
- If you're not yet registered, complete the following actions
 - Visit https://login.max.gov.
 - o Click the green "register now"

button in the top-right corner

- Follow the instructions to register with MAX.gov and register your PIV card to enable MAX.gov PIV login
- Optional but recommended: Register a secure 2-factor authentication device to use with your MAX.gov account
- Note the "Register a Secure+ SMS 2-Factor Device" checkbox at https://login.max.gov



Register Now

Step 2 - Log into D2D using your MAX.gov credentials

- Go to https://d2d.gsa.gov/user
- Click the "login with MAX.gov" icon
- Click the "login with your PIV or CAC" icon and follow the instructions (you may have to enter in your PIN)
- You should now be back at the D2D Portal, logged in as yourself.

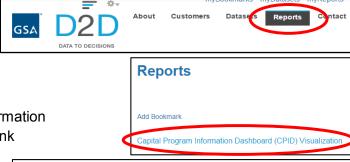
Login with MAX.gov MAX.Gov

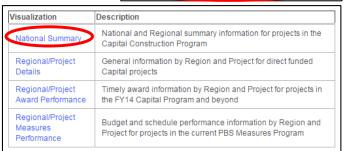
Don't Have a MAX ID Yet?



Step 3 - Enter the ODC Capital Program Information Dashboard

- Click on the Reports button at the top of the page
- Click on the "Capital Program Information Dashboard (CPID) Visualization" link
- Click on the "National Summary" link to open the CPID

























Office of Design and Construction: CPID User Guide

Standard Operating Procedures

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CPID User Guide

Overview

The Capital Program Information Dashboard (CPID) is an interactive, web-enabled Tableau solution for visualizing information about GSA's Capital Construction Program. CPID consists of a series of dashboards that integrate capital program data from multiple source systems and present a consolidated view of program and project information all in one location. CPID provides GSA Office of Design & Construction (ODC) stakeholders with near real-time access to Capital Program data and reports to facilitate effective program management and data-driven decision making. By providing an easily accessible and common reporting platform to all stakeholders, CPID seeks to improve transparency and timeliness to Capital Program information, increase accountability, help identify data gaps and redundancies, and expand knowledge sharing across GSA.

Point of Contacts

Please contact Dennis Ryan (dennis.ryan@gsa.gov) with any questions, issues, or feedback.

Access

Online

CPID is accessible online, anywhere, through the D2D Web Portal (https://d2d.gsa.gov). Once you log in with your credentials, you can open the CPID page by clicking **Reports** (located on the menu list and marked with a [1] in *Figure 1*), and then selecting **Capital Program Information Dashboard (CPID) Visualization** from the drop-down list. If CPID is not available on the drop-down list, select the **More...** option from the list to be redirected to the reports page that contains a link to the CPID Visualization (marked with a [2] in *Figure 1*). The CPID Visualization page is also available by visiting the following hyperlink: https://d2d.gsa.gov/report/capital-program-information-dashboard-cpid-visualization.

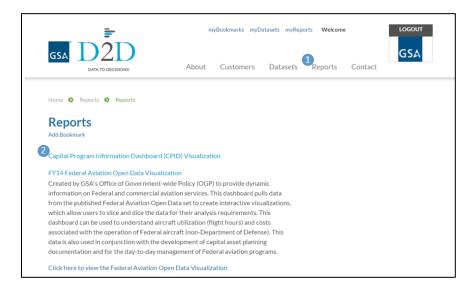


Figure 1: The D2D Reports Page

To open a specific dashboard (**National Summary, Project Details, Project Award Performance, or Project Measures Performance**) from the CPID Visualization page (depicted in *Figure 2*), click on the title of the dashboard in the **Visualization** column of the table.



Figure 2: CPID Visualization D2D Page

Offline

CPID is also accessible offline by opening the Tableau Workbook file in Tableau Reader or Desktop version 9.0. Tableau is GSA-approved visualization software available for download in the GSA software catalog. For instructions on how to obtain Tableau Reader, please refer to the guide included in *Appendix*

Appendix A: How to Download Software from GSA Machine. You may request copies of the Workbook files from the CPID point of contact.

Dashboards

The following sections detail how data is displayed in the Tableau-based dashboard. The overview diagram shown in *Figure 3* below represents the relational hierarchy of dashboards for the Capital Program. The National Summary Dashboard provides program information at a national and regional level, with summary tables that link directly to three detailed project level dashboards: Project Details Dashboard, Project Award Performance Dashboard and Project Measures Performance Dashboard. A separate Notes dashboard is also included that provides general information about CPID.



Figure 3: Hierarchy of CPID Visualization Dashboards

National Summary Dashboard

The National Summary Dashboard (depicted in *Figure 4*) provides national and regional summary information for projects in the Capital Construction Program. This dashboard is split into three sections: Program Measures Performance, Program Award Performance, and Program Summary. A user can select a regional field within any of these three sections to view a project level dashboard of that specific data set. Please refer to *Figure 5* below for each section's drill-down navigation.

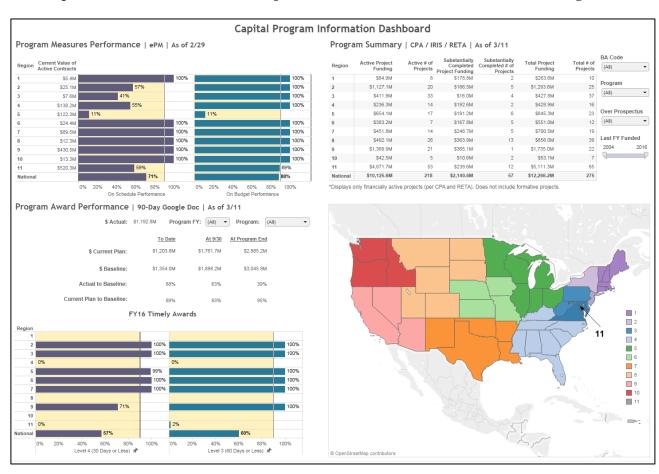


Figure 4: National Summary Dashboard



Figure 5: National Summary Dashboard Drill-Down Navigation

Program Measures Performance

The Program Measures Performance section provides a national and regional view of schedule and budget performance for projects included in the ODC Performance Measures Program. It displays monthly On-Schedule and On-Budget results in bar chart form, using the 90% FY16 Public Buildings Services (PBS) Strategic Blueprint target as a reference line to show whether each region is meeting PBS performance goals. The current value of active contracts is displayed beside each region to show the magnitude attributed to each region's performance. Hover over the bar chart rows to view the dollar values pertaining to the On-Schedule and On-Budget scores. The On-Schedule Value (current value of projects green or yellow for schedule) divided by the Current Value of Active Contracts equals the percentage score.

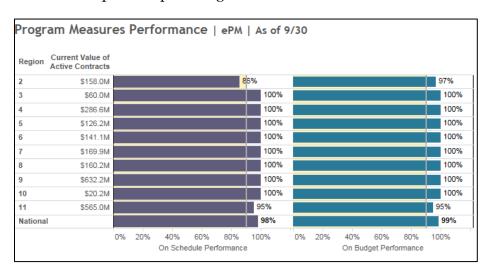


Figure 6: Program Measures Performance

Data Element Title	Definition (System Data Elements in Bold)
Region	ePM Region
Current Value of	Sum of ePM Current Contract Amount
Active Contracts	
On Schedule	Divides sum of ePM Current Contract Amount that are not marked
Performance	as 'Red' on schedule with sum of ePM Current Contract Amount
On Budget	Divides sum of ePM Current Contract Amount that are not marked
Performance	as 'Red' on budget with sum of ePM Current Contract Amount

On Schedule Value	Sum of ePM Current Contract Amount that are not marked as 'Red'
(Hover Only)	on schedule
On Budget Value	Sum of ePM Current Contract Amount that are not marked as 'Red'
(Hover Only)	on budget

Program Award Performance

The Program Award Performance section provides a national and regional view of the status of planned major contract awards for the Capital Program. This section is based off the weekly-updated <u>90 Day Look Ahead Google Doc</u>, and can be filtered by program fiscal year and program (filters are located on the top right). On the top half of the section, the actual dollar value awarded to date is shown along with current planned and original baseline values at three different time periods: to date, at the end of the current fiscal year, and at program end (once all planned major awards have been obligated). \$ Current Plan for each time period is the combination of \$ Actual plus any remaining awards currently projected to be made within the given time period. Actual to baseline and current planned to baseline percentages are also displayed to illustrate how much has been and is planned to be awarded in comparison to what was originally baselined to be awarded. On the bottom half of the section, each region's timely award performance is shown in comparison to the national average. The 2 KPIs measured in FY16 are level 4 (total percentage of dollars awarded in FY16 within 30 days of the baseline) and level 3 (total percentage of dollars awarded in FY16 within 60 days of the baseline).

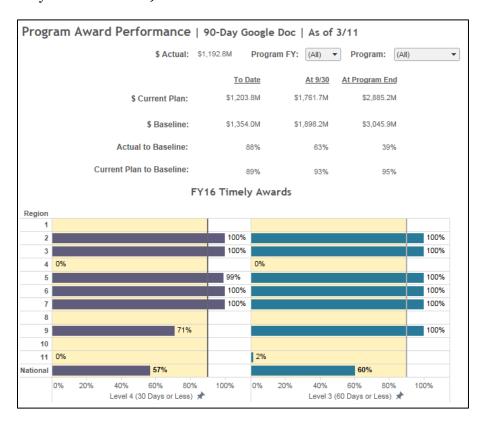


Figure 7: Program Award Performance

Data Element Title	Definition (System Data Elements in Bold)
\$ Actual	Sum of Project Awards Actual Amount to date
\$ Current Plan (To	Sum of Project Awards Current Planned Amount to date (using
Date)	Project Awards Current Planned Date)
\$ Baseline (To Date)	Sum of Project Awards Baseline Amount to date (using Project
φ 2430 (10 2 4.0)	Awards Baseline Date)
Actual to Baseline (To	\$ Actual divided by \$ Baseline (To Date)
Date)	φ Hotaar arraea by φ Daboniio (10 Date)
Current Plan to	\$ Current Plan (To Date) divided by \$ Baseline (To Date)
Baseline (To Date)	φ ο μετο σε τε
\$ Current Plan (at	Sum of Project Awards Current Planned Amount at 9/30 (using
9/30)	Project Awards Current Planned Date)
\$ Baseline (at 9/30)	Sum of Project Awards Baseline Amount at 9/30 (using Project
φ 2 as e a a c 3 γ 3 e 3	Awards Baseline Date)
Actual to Baseline (at	\$ Actual divided by \$ Baseline (at 9/30)
9/30)	φ 1200m2 m 1 m m m m m m m m m m m m m m m m m
Current Plan to	\$ Current Plan (at 9/30) divided by \$ Baseline (at 9/30)
Baseline (at 9/30)	
\$ Current Plan (at	Sum of Project Awards Current Planned Amount
Program End)	
\$ Baseline (at	Sum of Project Awards Baseline Amount
Program End)	
Actual to Baseline (at	\$ Actual divided by \$ Baseline (at Program End)
Program End)	
Current Plan to	
Current Plan to	\$ Current Plan (at Program End) divided by \$ Baseline (at
Baseline (at Program	\$ Current Plan (at Program End) divided by \$ Baseline (at Program End)
Baseline (at Program End) Region	Program End) Project Awards Region
Baseline (at Program End) Region Level 4 (30 Days or	Program End) Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30
Baseline (at Program End) Region Level 4 (30 Days or Less)	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days)
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less)	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days)
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Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date
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Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only) Level 3 Awards	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only)	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 60 days of the
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Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only) Level 3 Awards (Hover Only) Awarded and	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 60 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only) Level 3 Awards (Hover Only) Awarded and Unawarded over 60	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 60 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 60 days of the
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only) Level 3 Awards (Hover Only) Awarded and	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 60 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 60 days of the Project Awards Actual Date within fiscal year 2016 and over 60 days of the Project Awards Baseline Date and sum of all Project Awards
Baseline (at Program End) Region Level 4 (30 Days or Less) Level 3 (60 Days or Less) Level 4 Awards (Hover Only) Awarded and Unawarded over 30 Days (Hover Only) Level 3 Awards (Hover Only) Awarded and Unawarded over 60	Project Awards Region Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30 Days) Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60 Days) Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 30 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 30 days of the Project Awards Baseline Date and sum of all Project Awards Planned Amounts that have a Project Awards Baseline Date over 30 days in the past with no Project Awards Actual Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and within 60 days of the Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Baseline Date Sum of Project Awards Actual Amount that have a Project Awards Actual Date within fiscal year 2016 and over 60 days of the

Program Summary

The Program Summary section provides stakeholders with a national and regional view of program size information of financially active Capital projects, both by dollars appropriated and by the number of projects. The section displays these values for the following categories of projects: active projects, projects declared substantially complete within the current fiscal year, and overall combined totals. The breakout of these values are displayed at a regional level in chart form (depicted in *Figure 8*) and at a state level within an interactive map (depicted in *Figure 9*). Hovering over a state in the map reveals the values associated with that particular state. Clicking on a region within the map will highlight the region across all sections of the dashboard, allowing a user to hone in on a specific region. This section also allows the user to filter the summary data by budget activity code (BA Code), program, projects above or below the prospectus limit (Over Prospectus), and projects last funded within a fiscal year range (Last FY Funded).

Note: This table is populated through CPA and RETA (N type only) data. It does not contain data for formative projects, and only includes data for those budget activity codes and programs listed within the filters.

Region	Active Project Funding	Active # of Projects	Substantially Completed Project Funding	Substantially Completed # of Projects	Total Project Funding	Total # of Projects	(All)
1	\$84.9M	8	\$178.8M	2	\$263.6M	10	D
2	\$1,127.1M	20	\$166.5M	5	\$1,293.6M	25	Program
3	\$411.9M	33	\$16.0M	4	\$427.8M	37	(All)
4	\$236.3M	14	\$192.6M	2	\$428.9M	16	
5	\$654.1M	17	\$191.2M	6	\$845.3M	23	Over Prospectus
6	\$383.2M	7	\$167.8M	5	\$551.0M	12	(All)
7	\$451.8M	14	\$248.7M	5	\$700.5M	19	
8	\$492.1M	26	\$363.9M	13	\$856.0M	39	Last FY Funded
9	\$1,369.9M	21	\$365.1M	1	\$1,735.0M	22	2004 201
10	\$42.5M	5	\$10.6M	2	\$53.1M	7	
11	\$4,871.7M	53	\$239.6M	12	\$5,111.3M	65	
National	\$10,125.6M	218	\$2,140.6M	57	\$12,266.2M	275	

Figure 8: Program Summary Chart

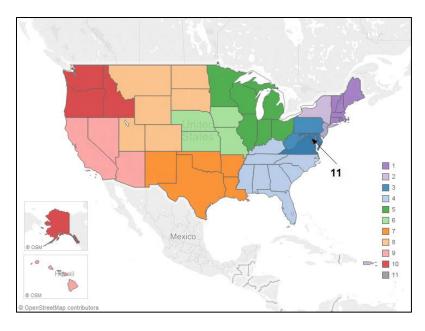


Figure 9: Program Summary Map

Region	Definition (System Data Elements in Bold) CPA/RETA Region
	CPA/RETA Ragion
	Sum of CPA Adjusted Appropriation for all financially active CPA
Funding	Projects in project list that are active per IRIS Actual Substantial
	Completion Date for all non-cancelled IRIS ASIDs under the
	project and sum of RETA Maximum Agreement Amount for all
	RETA Projects in project list that are active per RETA Completion
	Date and RETA Termination Date
Active # of Projects	Distinct number of financially active CPA Projects and RETA
	Projects in project list that are active per IRIS (for CPA projects) and
	RETA (for RETA projects)
Substantially	Sum of CPA Adjusted Appropriation for all CPA Projects in
	project list that are substantially complete, but not closed per IRIS
	Actual Substantial Completion Date for all non-cancelled IRIS
	ASIDs under the project and sum of RETA Maximum Agreement
	Amount for all RETA Projects in project list that are completed, but
	not terminated per RETA Completion Date and RETA
	Termination Date
Substantially	Distinct number of CPA Projects and RETA Projects in project list
	that are substantially complete per IRIS (for CPA projects) and RETA
	(for RETA projects)
Total Project Funding	Sum of CPA Adjusted Appropriation for all financially active CPA
	Projects in project list and sum of RETA Maximum Agreement
	Amount for all RETA Projects in project list
Total # of Projects	Distinct number of all financially active CPA Projects and RETA
	Projects in project list
Program Summary	Fields are identical to those noted above, but the values are based off
Map	State rather than Region

Project Details Dashboard

The Project Details Dashboard (depicted in *Figure 10*) provides general project information by region and state for Capital projects. This dashboard is accessible by clicking Project Details on the CPID entry page or by clicking on a regional bar within the Program Summary section in the National Summary Dashboard. The dashboard is split into multiple sections detailed below.

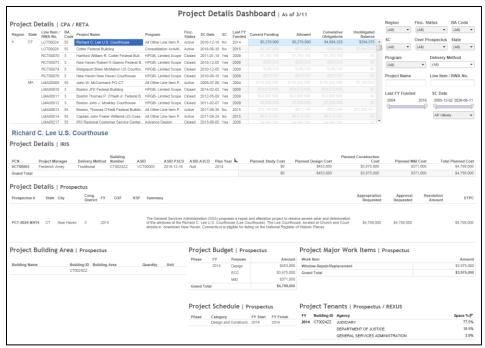


Figure 10: Project Details Dashboard

Project Details (CPA / RETA)

The Project Details table provides project level information from CPA and RETA (N types only) to include region, state, line item / RWA number, project name, budget activity code, program, financial status, last fiscal year of funding, current funding, allowed, cumulative obligation, and unobligated balance. The table also displays two data elements from IRIS: the substantial completion date, and a substantial completion indicator. The project list can be filtered by region, financial status (active, closed, or both), budget activity code, substantial completion, over or under the prospectus limit (for the project fiscal year), state, program, delivery method, project name, RWA/line item number, a last fiscal year funded date range, and a substantial completion date range. The filters are located directly to the right of the table. Selecting a project within this table reveals additional project level information (from IRIS and the Capital Project Prospectuses) for that project under each of the sections listed below.

Proje	ct De	etails 0	CPA /	RETA										Region	Finc. 9	Status	BA Cod	e _
Region	State	Line Item / RWA No.	BA Code	Project Name	Program	Finc. Status	SC Date	SC	Last FY Funded	Current Funding	Allowed	Cumulative Obligations	Unobligated Balance	(All) ¥	(All)		(All)	•
1	CT	LCT00024	55	Richard C. Lee U.S. Courthouse	All Other Line Item P	Active	2016-12-16	No	2014	\$5,278,900	\$5,278,900	\$4,884,325	\$394,575 ^	SC		rospectus		
		LCT00029	55	Cotter Federal Building	Consolidation Activiti	Active	2016-06-30	No	2015	\$4,247,000	\$517,500	\$248,468	\$3,998,532	(All) •	(All)	•	(All)	-
		RCT00070	3	Hartford William R. Cotter Federal Buil	HPGB- Limited Scope	Closed	2011-01-18	Yes	2009	\$1,783,100	\$1,783,100	\$1,783,100	\$0	Program		Delivery I	Method	
		RCT00073	3	New Haven Robert N Glaimo Federal B.	HPGB- Limited Scope	Closed	2010-12-05	Yes	2009	\$387,924	\$387,924	\$387,924	\$0	(All)	-	(All)		-
		RCT00074	3	Bridgeport Brien McMahon US Courtho	HPGB- Limited Scope	Closed	2010-12-05	Yes	2009	\$196,733	\$196,733	\$196,733	\$0	(-4)		(- 44)		
		RCT00076	3	New Haven New Haven Courthouse	HPGB- Limited Scope	Closed	2010-06-19	Yes	2009	\$575,747	\$575,747	\$575,747	\$0	Project Name	•	Line Item	/ RWA No	0.
	MA	LMA00009	55	John W. McCormack PO-CT	All Other Line Item P	Active	2009-07-06	Yes	2004	\$133,538,000	\$133,538,000	\$130,832,968	\$2,705,032					
		LMA00010	3	Boston JFK Federal Building	HPGB- Limited Scope	Closed	2014-02-03	Yes	2009	\$33,213,420	\$33,213,420	\$33,213,420	\$0					
		LMA00011	3	Boston Thomas P. O'Neill Jr. Federal B	HPGB- Limited Scope	Closed	2012-05-09	Yes	2009	\$12,937,608	\$12,937,608	\$12,937,608	\$0	Last FY Fund		SC Date		
		LMA00012	3	Boston John J. Moakley Courthouse	HPGB- Limited Scope	Closed	2011-02-07	Yes	2009	\$3,628,930	\$3,628,930	\$3,628,930	\$0	2004	2016	2005-12	-02 2026-0	6-11
		LMA00013	55	Boston, Thomas O'Neill Federal Buildin	All Other Line Item P	Active	2017-09-30	No	2015	\$16,146,000	\$671,146	\$453,549	\$15,692,451			_		
		LMA00014	55	Captain John Foster Williams US Coas	All Other Line Item P	Active	2017-09-29	No	2015	\$8,616,000	\$8,616,000	\$8,616,000	\$0			All Value	es	•
		LMA00217	55	IRS Regional Customer Service Center	Advance Design	Closed	2013-06-05	Yes	2006	\$4.885,000	\$4.885,000	\$4,885,000	sn T					

Figure 11: CPA/RETA Project Details and Filters

Data Element Title	Definition (System Data Elements in Bold)
Region	CPA/RETA Region
State	CPA/RETA State
Line Item Number	CPA Line Item Number or RETA RWA Number
Project Name	CPA Project Name or RETA City – RETA Agency – RETA
2 2 3 5 3 5 2 1 1 1 1 2 1 2	Building No. – RETA Brief Project Description
Budget Activity (BA)	CPA/RETA Budget Activity Code
Code	, and a second s
Program	CPA Program or "Reimbursable" for RETA projects
Financial (Finc.)	CPA/RETA Status
Status	
Substantial	CPA Projects: Maximum IRIS Actual Substantial Completion
Completion (SC) Date	Date or IRIS Planned Substantial Completion Date (if no actual
	exists) for all IRIS ASIDs under the project
	RETA Projects: RETA Completion Date
Substantially	Yes/No indicator that identifies if project is substantially complete
Complete (SC)	
Last Fiscal Year (FY)	Maximum CPA Fiscal Year Funded or RETA Agency Fund Year
Funded	
Current Funding	CPA Adjusted Appropriation or RETA Maximum Agreement
	Amount
Allowed	CPA Allowed or o for RETA projects
Cumulative	CPA/RETA Cumulative Obligations
Obligations	
Unobligated Balance	Current Funding less Cumulative Obligations

Project Details (IRIS)

This Project Details table displays IRIS project level information for a selected CPA/RWA project. All non-cancelled PCNs and corresponding IRIS information tied to the CPA Line Item Number / RETA RWA Number is shown within the table.



Figure 12: IRIS Project Details

Data Element Title	Definition (System Data Elements in Bold)
PCN	IRIS PCN
Project Manager	IRIS Project Manager under IRIS PCN
Delivery Method	IRIS Delivery Method under IRIS PCN
Building Number	IRIS Building Number under IRIS PCN
ASID	IRIS ASID under IRIS PCN
ASID Planned	The IRIS PSCD of the IRIS ASID
Substantial	
Completion Date	
(PSCD)	
ASID Actual	The IRIS ASCD of the IRIS ASID
Substantial	
Completion Date	
(ASCD)	
Plan Year	The IRIS Plan Year of a IRIS Work Item Estimate Line under the IRIS ASID
Planned Study Cost	The IRIS Planned Study Cost of a IRIS Work Item Estimate
	Line under the IRIS ASID
Planned Design Cost	The IRIS Planned Design Cost of a IRIS Work Item Estimate
	Line under the IRIS ASID
Planned Construction	The IRIS Planned Construction Cost of a IRIS Work Item
Cost	Estimate Line under the IRIS ASID
Planned M&I Cost	The IRIS Planned M&I Cost of a IRIS Work Item Estimate Line
	under the IRIS ASID
Total Planned Cost	The total planned study, design, construction, and M&I costs

Project Details (Prospectus)

This Project Details table displays Prospectus project level information for a selected CPA project. Only Capital prospectuses from fiscal years 2014 and 2015 are available within CPID. Selecting a prospectus within this table filters the prospectus information displayed under each of the prospectus sections listed below.



Figure 13: Prospectus Project Details

Data Element Title	Definition (System Data Elements in Bold)
Prospectus #	Capital Prospectus Number
State	Capital Prospectus State
City	Capital Prospectus City
Congressional (Cong.)	Capital Prospectus Congressional District
District	
Fiscal Year (FY)	Capital Prospectus FY
Gross Square Feet	Capital Prospectus GSF
(GSF)	
Rentable Square Feet	Capital Prospectus RSF

(RSF)	
Summary	Capital Prospectus Project Summary
Appropriation	Capital Prospectus Appropriation Requested
Requested	
Approval Requested	Capital Prospectus Committee Approval Requested
Resolution Amount	Committee Resolution Appropriation Authorization Amount
Estimated Total	Capital Prospectus ETPC
Project Cost	

Project Building Area

The Project Building Area table shows building area information from the prospectus for a selected CPA project.

Project Building Area Prospectus				
Building Name	Building ID	Building Area	Quantity	Unit
FEDERAL BUREAU OF INVESTIGATION	PR0025ZZ	Building (excluding canopie	48,415	GSF
INVESTIGATION		Building (including canopies)	69,243	GSF
		Building costs (includes ins	25,043,000	USD
		Outside parking spaces	106	Space(s)
		Site area (Government Ow	4.5	Acres
		Site area (To Be Acquired)	10.2	Acres
		Site development cost	29,655,000	USD

Figure 14: Prospectus Project Building Area

Data Element Title	Definition (System Data Elements in Bold)
Building Name	Capital Prospectus Building Area Building Name
Building ID	REXUS Building ID associated with Building Name
Building Area	Capital Prospectus Building Area associated with Building
	Name
Quantity	Capital Prospectus Quantity associated with Building Area
Unit	Capital Prospectus Unit associated with Building Area

Project Budget

The Project Budget table shows budget information from the prospectus for a selected CPA project.

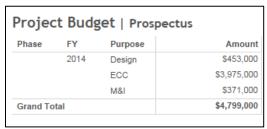


Figure 15: Prospectus Project Budget

Data Element Title	Definition (System Data Elements in Bold)
Phase	Capital Prospectus Budget Phase
Fiscal Year (FY)	Capital Prospectus Budget FY
Purpose	Capital Prospectus Budget Purpose
Amount	Capital Prospectus Budget Amount

Project Major Work Items

The Project Major Work Items table shows major work items included in the prospectus for a selected CPA project.

Project Major Work Items | Prospectus

Work Item Amount
Window Repair/Replacement \$3,975,000

Grand Total \$3,975,000

Figure 16: Prospectus Project Major Work Items

Data Element Title	Definition (System Data Elements in Bold)
Work Item	Capital Prospectus Major Work Item
Amount	Capital Prospectus Major Work Item Amount

Project Schedule

The Project Schedule table shows project schedule information from the prospectus for a selected CPA project.



Figure 17: Prospectus Project Schedule

Data Element Title	Definition (System Data Elements in Bold)
Phase	Capital Prospectus Schedule Phase
Category	Capital Prospectus Schedule Category
Fiscal Year (FY) Start	Capital Prospectus Schedule Start
FY Finish	Capital Prospectus Schedule End

Project Tenants

The Project Tenants table shows tenant agencies included in the prospectus and their respective building space occupancy percentage (per REXUS) for a selected CPA project.



Figure 18: Prospectus Project Tenants

Data Element Title	Definition (System Data Elements in Bold)
Fiscal Year (FY)	Capital Prospectus FY
Building ID	REXUS Building ID associated with CPA Line Item Number tied
	to Prospectus Project
Agency	Prospectus Tenant
Assigned Space	The [Portfolio – Building Space] Space Records Square Feet of
Percentage (Space %)	a Prospectus Tenant agency divided by the total [Portfolio -
	Building Space Space Records Square Feet for a REXUS
	Building ID

Project Award Performance Dashboard

The Project Award Performance Dashboard (depicted in *Figure 19*) provides project level information for all planned major awards. This dashboard is accessible by clicking Project Award Performance on the CPID entry page or by clicking on a regional bar within the Program Award Performance section of the National Summary Dashboard. Using the latter option will filter the dashboard by the selected region. The region filter can be adjusted on the top right of the dashboard. Additional filters include: program fiscal year, program, vendor, contract type, project name, and contract number.

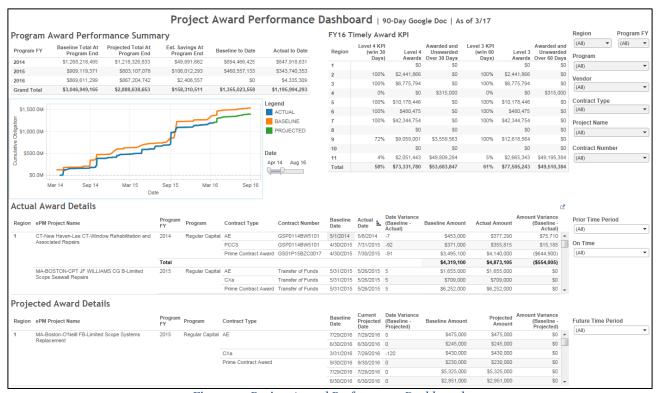


Figure 19: Project Award Performance Dashboard

Program Award Performance Summary

This section displays information similar to that found in the Program Award Performance section of the National Summary Dashboard. It also includes estimated savings at program end. Hover over the line graph below to view baseline, projected (planned), and actual amounts for any point in time. Adjust the time frame by using dragging the filter directly to the right of the chart.

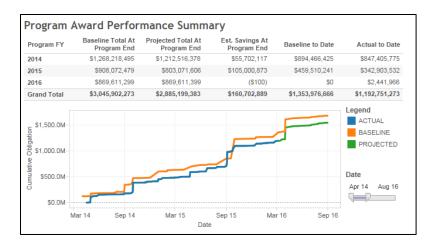


Figure 20: Program Award Performance Summary

Data Element Title	Definition (System Data Elements in Bold)
Program Fiscal Year	Project Awards Fiscal Year
(FY)	
Baseline Total At	Sum of Project Awards Baseline Amount
Program End	
Projected Total At	Sum of Project Awards Current Planned Amount
Program End	
Estimated Savings At	Baseline Total At Program End less Projected Total At
Program End	Program End
Baseline to Date	Sum of Project Awards Baseline Amount to date (using Project
	Awards Baseline Date)
Actual to Date	Sum of Project Awards Actual Amount to date (using current date)

FY16 Timely Award KPI

This section displays information similar to that found in the Program Award Performance section of the National Summary Dashboard. It includes a much more detailed look at the timeliness of awards made within the current fiscal year.

Region	Level 4 KPI (w/in 30 Days)	Level 4 Awards	Awarded and Unawarded Over 30 Days	Level 3 KPI (w/in 60 Days)	Level 3 Awards	Awarded and Unawarded Over 60 Days
1		\$0	\$0		\$0	\$0
2	100%	\$2,441,966	\$0	100%	\$2,441,966	\$0
3	100%	\$6,775,794	\$0	100%	\$6,775,794	\$0
4	0%	\$0	\$315,000	0%	\$0	\$315,000
5	99%	\$10,000,000	\$64,237	100%	\$10,000,000	\$0
6	100%	\$480,745	\$0	100%	\$480,745	\$0
7	100%	\$42,344,854	\$0	100%	\$42,344,854	\$0
8		\$0	\$0		\$0	\$0
9	71%	\$8,724,321	\$3,559,563	100%	\$12,283,884	\$0
10		\$0	\$0		\$0	\$0
11	0%	\$158,000	\$49,809,284	2%	\$771,900	\$49,195,384
Total	57%	\$70,925,681	\$53,748,084	60%	\$75,099,144	\$49,510,384

Figure 21: FY16 Timely Award KPI

Data Element Title	Definition (System Data Elements in Bold)
Region	Project Awards Region
Level 4 KPI (w/in 30	Level 4 Awards / (Level 4 Awards + Awarded and Unawarded Over 30
Days)	Days)
Level 4 Awards	Sum of Project Awards Actual Amount that have a Project
	Awards Actual Date within fiscal year 2016 and within 30 days of the
	Project Awards Baseline Date
Awarded and	Sum of Project Awards Actual Amount that have a Project
Unawarded Over 30	Awards Actual Date within fiscal year 2016 and over 30 days of the
Days	Project Awards Baseline Date and sum of all Project Awards
	Planned Amounts that have a Project Awards Baseline Date
	over 30 days in the past with no Project Awards Actual Date
Level 3 KPI (w/in 60	Level 3 Awards / (Level 3 Awards + Awarded and Unawarded Over 60
Days)	Days)
Level 3 Awards	Sum of Project Awards Actual Amount that have a Project
	Awards Actual Date within fiscal year 2016 and within 60 days of the
	Project Awards Baseline Date
Awarded and	Sum of Project Awards Actual Amount that have a Project
Unawarded Over 60	Awards Actual Date within fiscal year 2016 and over 60 days of the
Days	Project Awards Baseline Date and sum of all Project Awards
	Planned Amounts that have a Project Awards Baseline Date
	over 60 days in the past with no Project Awards Actual Date

Actual Award Details

This section provides detailed information for awards that have been made to date. Filter for the time period in which the awards were made and/or their on-time status.



Figure 22: Actual Award Details

Data Element Title	Definition (System Data Elements in Bold)
Region	Project Awards Region
ePM Project Name	Project Awards Project Name
Program FY	Project Awards Program FY
Program	Project Awards Program
Contract Type	Project Awards Contract Type
Contract Number	Project Awards Contract Number
Baseline Date	Project Awards Baseline Date
Actual Date	Project Awards Actual Date
Date Variance	Difference in days between Baseline Date and Actual Date
(Baseline – Actual)	
Baseline Amount	Project Awards Baseline Amount
Actual Amount	Project Awards Actual Amount
Amount Variance	Difference between Baseline Amount and Actual Amount
(Baseline – Actual)	

Projected Award Details

This section provides detailed information for awards to be made in the future. Filter for the time period in which the awards are projected to be made.



Figure 23: Projected Award Details

Data Element Title	Definition (System Data Elements in Bold)
Region	Project Awards Region
ePM Project Name	Project Awards Project Name
Program FY	Project Awards Program FY
Program	Project Awards Program
Contract Type	Project Awards Contract Type
Contract Number	Project Awards Contract Number
Baseline Date	Project Awards Baseline Date
Current Projected	Project Awards Current Planned Date
Date	
Date Variance	Difference in days between Baseline Date and Projected Date
(Baseline – Projected)	
Baseline Amount	Project Awards Baseline Amount
Projected Amount	Project Awards Current Planned Amount
Amount Variance	Difference between Baseline Amount and Projected Amount
(Baseline – Projected)	

Project Measures Performance Dashboard

The Project Measures Performance dashboard provides project level schedule and budget performance information for projects included in the ODC Performance Measures Program. This dashboard is accessible by clicking Project Measures Performance on the CPID entry page or by clicking on a regional bar within the Program Measures Performance section of the National Summary Dashboard. Using the latter option will filter the dashboard by the selected region. The region filter can be adjusted on the top right of the dashboard. Additional filters include: Substantial Completion status (select projects that are active or SC), On-Schedule status (Red/Yellow/Green), On-Budget status (Red/Yellow/Green), vendor, and project name.

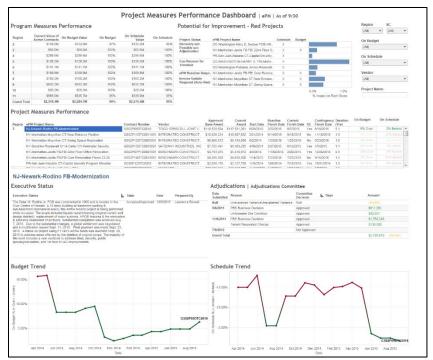


Figure 24: Project Measures Performance Dashboard

Program Measures Performance

This section displays the national and regional data found in the Program Measures Performance section of the National Summary Dashboard, but in table form.

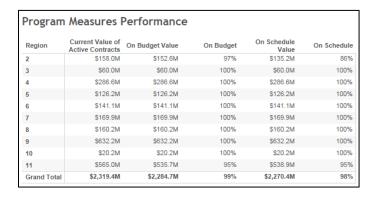


Figure 25: Program Measures Performance

Data Element Title	Definition (System Data Elements in Bold)		
Region	ePM Region		
Current Value of	Sum of ePM Current Contract Amount of all projects currently		
Active Contracts	tracked in measures program		
On Budget Value	Sum of ePM Current Contract Amount for every project that has a		
	ePM On Budget of "Yellow" or "Green"		
On Budget	On Budget Value divided by Current Value of Active Contracts		
On Schedule Value	Sum of ePM Current Contract Amount for every project that has a		
	ePM On Schedule of "Yellow" or "Green"		
On Schedule	On Schedule Value divided by Current Value of Active		

Contracts

Potential for Improvement

The Potential for Improvement section displays all projects that are red for schedule and/or budget, grouped by high level reason categories including: projects that cannot recover without adjudication, projects missing a baseline in ePM, projects with late invoices, and projects that can still recover for schedule. "X"s indicate whether each project is red for schedule and/or budget. The percent impact on the schedule and/or budget score is displayed in the rightmost column of the section.

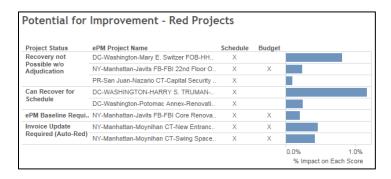


Figure 26: Potential for Improvement

Data Elamant Title	Definition (Cryston Date Flowerts in Bold)
Data Element Title	Definition (System Data Elements in Bold)
Project Status	Calculated field that places projects in the following categories:
	 Recovery Not Possible w/o Adjudication
	 Schedule: ePM Actual Substantial Completion is blank
	and the ePM Baseline Finish Date + 10% is greater than
	the Report Date
	 Budget: The ePM Current Contract Amount less ePM
	Approved Baseline divided by the ePM Approved
	Baseline is greater than or equal to 10% for R&A projects,
	or greater than or equal to 7% for NC projects
	ePM Baseline Required (Auto-Red)
	 Project does not have a ePM Planned Amount
	• Invoice Update Required (Auto-Red)
	o ePM As Of is greater than 2 months before the Report
	Date
	Can Recover for Schedule
	 Project has "Red" ePM On Schedule, and does not fall
	under any of the above categories
ePM Project Name	ePM Project Title
Schedule	ePM On Schedule is "Red"
Budget	ePM On Budget is "Red"
% Impact on Each	ePM Current Contract Amount divided by the sum of all active

Score contracts

Project Measures Performance

This sections displays measures results (red/yellow/green status) at the project level, as well as the region, contract number, vendor, duration, substantial completion indicator, and the dates and amounts used to calculate the schedule and budget statuses. Hover over any red project to view its project narrative, which offers an explanation of why the project is red and action plan for improvement. Click on any individual project to view the following details underneath the sections below.



Figure 27: Project Measures Performance and Filters

Data Element Title	Definition (System Data Elements in Bold)
Region	ePM Region
ePM Project Name	ePM Project Title
Contract Number	ePM Contract Number
Vendor	ePM Vendor
Approved Base Award	ePM Approved Baseline
Current Award	ePM Current Contract Amount
Start Date	ePM NTP/Start Date
Baseline Finish Date	ePM Contract Finish
Current Finish Date	ePM Estimated Substantial Completion Date
Substantially	Yes/No indicator that identifies whether the ePM Actual Substantial
Complete (SC)	Completion data is entered
Contingency Finish	Baseline Finish Date + 10% of Duration
Date	
Duration (Yrs)	Difference between Start Date and Current Finish Date in years
On Budget	Current Award Approved Base Award divided by Approved Base Award
On Schedule	ePM Actual Amount less ePM Planned Amount divided by ePM Planned Amount
Budget Status (Hover	ePM On Budget
Only)	
Budget Narrative	Budget narrative entered within ePM Issues and Logs
(Hover Only)	
Schedule Status	ePM On Schedule
(Hover Only)	
Schedule Narrative	Schedule narrative entered within ePM Issues and Logs
(Hover Only)	

Executive Status

This sub-section provides a summary blurb on the project's current status.

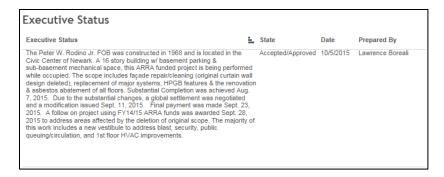


Figure 28: Executive Status

Data Element Title	Definition (System Data Elements in Bold)		
Executive Status	[Project – ePM Projects] Executive Status		
State	[Project – ePM Projects] Executive Status State		
Date	[Project – ePM Projects] Executive Status Date		
Prepared By	[Project – ePM Projects] Executive Status Prepared By		

Adjudications

This sub-section provides a history of adjudication requests submitted by the project team, the reason for adjudication, the Adjudication Committee's final decision, and the number of a days and/or dollars that were request to be added to the baseline finish date or award amount.



Figure 29: Adjudications

Data Element Title	Definition (System Data Elements in Bold)		
Date Submitted	Adjudications Committee Adjudication Date Submission		
Reason	Adjudications Committee Adjudication Reason		
Committee Decision	Adjudications Committee Adjudication Decision		
Days	Adjudications Committee Adjudication Days Requested		
Amount	Adjudications Committee Adjudication Amount Requested		

Budget Trend

This sub-section provides a history of budget performances of the contracts under a selected project since conception (no earlier than April 2014). A red line indicates a poor performance (greater than 10% over budget), whereas a green line indicates a good performance (less than or equal to 10% over budget). Hovering over the line reveals the performance percentage at that point in time.

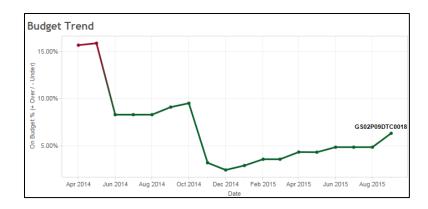


Figure 30: Budget Trend

Data Element Title	Definition (System Data Elements in Bold)			
On Budget % (+Over /	ePM Current Contract Amount less ePM Approved Baseline			
-Under)	divided by the ePM Approved Baseline at the time of the Report			
	Date			
Date	Report Date (Month)			
Contract Number	ePM Contract Number			

Schedule Trend

This sub-section provides a history of schedule performances of the contracts under a selected project since conception (no earlier than April 2014). A red line indicates a poor performance (less than 10% behind schedule), whereas a green line indicates a good performance (greater than or equal to 10% behind schedule). Hovering over the line reveals the performance percentage at that point in time.

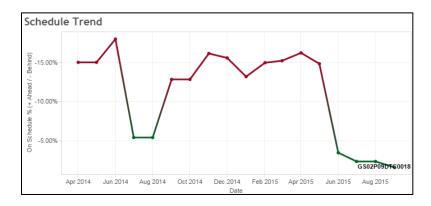


Figure 31: Schedule Trend

Data Element Title	Definition (System Data Elements in Bold)			
On Schedule %	ePM Actual Amount less ePM Planned Amount divided by the			
(+Ahead / -Behind)	ePM Planned Amount at the time of the Report Date			
Date	Report Date (Month)			
Contract Number	ePM Contract Number			

Notes

The Notes dashboard provides a high level overview of CPID. It provides a description of the overall project, summaries of each dashboard, the point of contact, known issues, a list of the data sources, the refresh frequency of the data, and an excerpt on how to extract data.

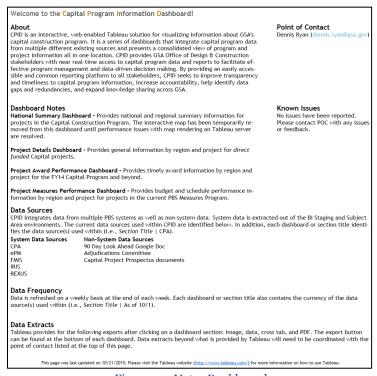


Figure 32: Notes Dashboard

Data Sources

CPID integrates data from multiple PBS systems as well as non-system data. System data is extracted out of the BI Staging and Subject Area environments, whereas, non-system data comes from reports and other types of documents. The current data sources used within CPID are identified below. In addition, each dashboard or section title identifies the data source(s) used within (i.e., *Section Title* | CPA).

Systems: CPA, ePM, FMIS, IRIS, REXUS, RETA **Non-Systems**: 90 Day Look Ahead Google Doc, Adjudications Committee, Capital Project
Prospectus documents

These data sources can be categorized into 5 different types.

- 1. **BI Staging** –Raw source system table data.
- 2. **BI Subject Areas** Analyses completed in BI subject areas.
- 3. ODC IM Reports Manual report data.
- 4. **PDF / Other Documents** Data that is not stored within a system.
- 5. **Manually Sourced** Reference tables and missing source system data.

The data sources described above are depicted in *Figure 33* below. The figure places each data source into a data source category, describes the extract, transform, and load (ETL) process that

each data source goes through to reach the database, and outlines the major business rules implemented prior to visualization. The PDF of this figure is included in *Appendix B: CPID Data Source Diagram*.

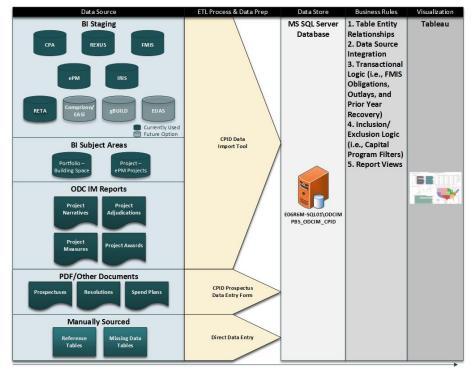


Figure 33: CPID Data Flow from Data Source to Visualization

Data Frequency

Data is refreshed on a weekly basis at the end of each week. Each dashboard or section title also contains the currency of the data source(s) used within (i.e., $Section\ Title \mid As\ of\ 10/1$).

Data Extracts

Tableau provides for the following exports after clicking on a dashboard section: image, data, cross tab, and PDF. The export button can be found at the bottom of each dashboard. Data extracts beyond what is provided by Tableau will need to be coordinated with the point of contact.

Appendix

Appendix A: How to Download Software from GSA Machine



HOW_TO_-_Downlo ad_Software_from_t

Appendix B: CPID Data Source Diagram



CPID_DataSources. pdf

Appendix C: CPID Visualization Data Element Source Guide



CPID Visualization
Data Element Source

America First Budget Keeps promise to put Americans Security First

- First, it meets the president's promise to restore our neglected military.
 - Readiness and lethality increased, prioritizes defeating ISIS with one of the largest defense increases in history (\$54B).
 - o Reverses Defense sequestration.
 - o Shifts dollars from foreign aid to putting Americans first.
- Next, it keeps President Trump's word to prioritize border security, veterans' health care, and school choice.
 - o Adds \$1.5 billion for immigration detention, transport and removal, allowing for an additional 17,000 illegal aliens to be detained each day.
 - 7% increase for VA Medical care, largest "second bite" increase ever for VA Medical Care.
 - o \$1.4 Billion to public and private school choice.
- It also takes on the long overdue task of *draining the swamp*.
 - o Eliminates hundreds of redundant, overlapping, or ineffective programs as we pay for defense priorities w/ targeted reductions.
 - We looked at a program's effectiveness, not just its intentions.
 - With every American's share of national debt at \$60K, we cannot afford to waste one penny on programs that have been around a long time but can't show effectiveness, aren't a core mission of federal gov.

Important Details on Process:

- The RMOs have been working to develop justifications that you can use to defend particularly sensitive cuts to the Hill and the press. Please have your agency budget offices reach out to discuss those justifications with the RMOs. We recommend that you work closely with your budget shops when responding to Hill and media inquiries about specific funding reductions.
- Please forward all budget blueprint media inquiries to Coalter Baker at <u>john.c.baker@omb.eop.gov</u>
- Agencies will be given a copy of their Blueprint chapters by COB Wednesday from their RMO Contacts.
- As most of you know, this blueprint includes discretionary toplines and funding highlights for major agencies only. Most smaller agencies will receive their "passback" from OMB next week, and details about your agencies will be featured in the full budget that will be released in mid May.

Milford Wayne Donaldson, FAIA Chairman

Leonard A. Forsman Vice Chairman

John M. Fowler Executive Director



Preserving America's Heritage

March 13, 2017

Mr. Timothy O. Horne Acting Administrator U.S. General Services Administration 1800 F Street, NW, Room 6400 Washington, DC 20405

Ref:

Proposed Consolidation and Exchange of the Francis Perkins Building,

Department of Labor Headquarters

Washington, D.C.

Dear Mr. Horne:

In response to a notification by the U.S. General Services Administration (GSA), the Advisory Council on Historic Preservation (ACHP) will participate in consultation for the subject project. Our decision to participate in consultation is based on the *Criteria for Council Involvement in Reviewing Individual Section 106 Cases*, contained within our regulations, "Protection of Historic Properties" (36 CFR Part 800). The criteria are met for our participation as this project presents important questions of policy or interpretation.

Section 800.6(a)(1)(iii) of our regulations requires that we notify you, as the head of the agency, of our decision to participate in consultation. By copy of this letter, we are also notifying Ms. Beth Savage, Federal Preservation Officer, GSA, and Ms. Nancy Witherell, Regional Historic Preservation Officer, National Capital Region, GSA, of this decision.

Our participation in this consultation will be handled by Ms. Kirsten Kulis, GSA Liaison, who can be reached at 202-517-0217 or via e-mail at kkulis@achp.gov. We look forward to working with your agency and other consulting parties to seek ways to avoid, minimize, or mitigate potential adverse effects on historic properties.



John M. Fowler Executive Director

DOUG FLANDERS

flandersdoug@gmail.com | 7195 South Parfet Street, Littleton, CO 80127 | 720-981-5495 (h) | 303-589-3956 (c)

Government Relations | Business Development | External Affairs

- Accomplished, versatile, goal-focused Policy/Communications Expert with over 20 years of experience in policy development & implementation, communications, business development, & program management.
- **Keen awareness of emerging public policy issues,** legislation, and regulatory impacts enabling rapid analysis of the political landscape for targeted strategic and tactical policy positions.
- On-point development and execution of strategic and tactical communications plans, ensuring compelling, consistent messaging across the spectrum of traditional platforms & grass roots campaigns.
- **Earned a reputation as an influential leader,** resourceful problem-solver, quick thinker, & consensus-builder who demonstrates excellence and integrity in the achievement of key organizational objectives.

EXPERIENCE

AIR METHODS CORPOARTION, Englewood, CO

2016 - Present

Director of Government Affairs

- Responsible for managing the State Government Affairs activity in multiple Western states as well as federal aviation issues and for United Rotorcraft federal defense issues.
- Identify and execute key strategic public policy goals and objectives at the state and federal level and advocating before, and ensuring access to state policy makers and key stakeholders resulting in government actions are aligned with AMC goals and objectives.
- Representing the organization as the prime contact on specific states and with federal issues both internal and external to the company.
- Serving as the primary AMC organizational contact for state lobbyists.

COLORADO OIL & GAS ASSOCIATION, Denver, CO

2010 - 2016

Director of Policy and External Affairs

- Developed & implemented Colorado Oil & Gas Association's (COGA) targeted government relations, communications, and political outreach programs – to include COGA's Annual Public Policy Agenda.
- Led all interaction with federal & state elected officials & create coalitions with trade associations, chambers of commerce, & other key stakeholder groups
- Wrote position papers, speeches, press releases, serve as spokesperson and media contact for COGA.
- Presented before diverse audiences, to include numerous conferences and boards.
- Testified before State legislative committees and regulatory bodies on the impacts of state action.
- Successfully developed and implemented two political fundraising organizations, raising over \$500,000.
- Part of Management Team with CEO, COO, and Regulatory Counsel.

THE KINGFISH GROUP, Denver, CO

2009 - 2010

Advisor | Consultant

Advised private equity clients regarding the market assessment and demand, government policy and budget
constraints, and overall industry insights for the acquisition of companies in the nuclear remediation and
environmental management industry. Services provided on a part time and as-needed basis.

GENERAL SERVICES ADMINISTRATION, Denver, CO

2007 - 2009

Senior Advisor to the Rocky Mountain Regional Administrator | **Public Affairs Officer** <Presidential Appointment | Top Secret National Security Clearance>

- Operated as Chief of Staff to the Regional Administrator. Oversaw organizational studies and business plans seeking to eliminate duplicative structures, and improve management systems and reduce costs.
- Directed Region's Congressional Affairs program, proactively identifying and resolving key issues, including sitting of two Colorado ICE offices & the Salt Lake City Courthouse project's contractor delays and lawsuit,.
- Developed relationships with federal, state and local government officials and private industry executives to promote GSA initiatives, including the Air Force procurement office and the States of Utah and Wyoming.

DOUG FLANDERS

Page 2 | flandersdoug@gmail.com | 720-981-5495 (h) | 303-589-3956 (c)

- Managed media and public relations, produced press releases, prepared executive speeches, and created audio/visual marketing materials for GSA's two business lines.
- Spoke at public events, including the opening of two Border Patrol Stations, public meetings for the new courthouse in Montana, the opening of the new Social Security office in Denver.
- Earned Excellence in Performance Award from the Acting GSA Administrator; a Recognition Award for work supporting the Democratic National Convention.

FLANDERS & ASSOCIATES, LLC, Denver, CO

Policy Advisor | Consultant

2005 - 2007

- Advocated for a diverse portfolio of clients by developing federal policy objectives and strategies to
 positively influence Members of Congress, Congressional staff members, and executive branch officials.
- Secured additional funding and policy changes for higher education institutions, defense and energy companies, and agricultural/water clients.

U.S. DEPARTMENT OF ENERGY,

OFFICE OF ENVIRONMENTAL MANAGEMENT, Washington, DC

2003 - 2005

Senior Policy Advisor to the Assistant Secretary for Environmental Management

<Presidential Appointment | Senior Executive Service | Top Secret/Q National Security Clearance>

- Directed all aspects of the congressional hearings process within the Office of Environmental Management.
- Delivered confidential policy support and advice in the management of the \$6.5 billion program.
- Represented the Assistant Secretary on boards, committees, and inter/intra agency meetings.
- Served as Program Liaison for all DOE and government officials, Congressional offices, and outside entities.

U.S. SENATOR WAYNE ALLARD, Washington, DC

1993 - 2003

Deputy Chief of Staff | Legislative Director (2002–2003)

<Top Secret/Q National Security Clearance>

- Supervised the 18-person Washington, DC office staff and developed the operating budget in coordination with the Chief of Staff.
- Responsible for assigning specific activities to the Senator's staff for all legislative matters. Senior Advisor in regards to policy matters related to classified and public defense nuclear programs and environmental management at the Department of Energy and National Nuclear Security Administration and environmental programs at the Department of Defense.
- Successfully finalized the \$7 billion closure of the Rocky Flats Site in Colorado saving nearly \$29 billion;
 Developed an accelerated closure policy for on-going cleanup at DOE Environmental Management sites;

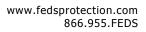
Military Legislative Assistant (1997 – 2002)

<Top Secret/Q National Security Clearance>

- Senior Advisor for all classified and public national defense and foreign policy issues and defense nuclear and environmental management programs at the Department of Energy. Led formulation and execution of the Senator's strategy to influence the National Defense Authorization Act, the Department of Defense Appropriations Act, and the Military Construction Appropriations Act.
- Successfully developed, negotiated, and passed The Rocky Flats National Wildlife Refuge Act of 2001, and championed provisions improving the Department of Defense's environmental cleanup processes and over \$100 million increase in funding to further the cleanup of current and former DOD Unexploded Ordinance

EDUCATION

BAYLOR UNIVERSITY, Waco, TX, Master of Arts, Communications | Bachelor of Arts, Telecommunications USAF AIR UNIVERSITY, Washington, DC Campus, Air Command and Staff College Associate Program EXPERIENCE MEDIA CONSULTING GROUP, George Merlis, Denver, CO, Media and Crisis Communication GENERAL SERVICES ADMINISTRATION, Denver, CO, Executive Leadership Training





FEDERAL EMPLOYEE PROFESSIONAL LIABILITY INSURANCE ENROLLMENT FORM				
APPLICANT INFORMATION				
Name: New or Renewing Member? New or Renewing Member?			ew □ Renewal	
Agency: Occupation:				
Current Home Address:	1			
City:	State:	ZIP Co	de:	
Phone:	Check	One: □Home □ Work	□ Mobile	
Email (required):	'			
Please tell us how you heard about FEDS:				
	UNDERWRITING INFORMATIO	N		
Are you switching to FEDS from another cor	mpany that provides PLI?		□Yes □ No	
If yes, please indicate the month/year that	you first purchased continuous PLI co	verage:	MM/YY	
Have you made any Professional Liability clabeen the subject of any criminal, administratisciplinary actions over the past seven year	ative or adverse security investigation		□Yes □ No	
If yes, please describe:				
Do you have any knowledge or information of any actual or alleged acts, errors, omissions, circumstances, claims or suits which might reasonably be expected to result in a claim or suit?			□Yes □ No	
If yes, please describe:				
	POLICY OPTIONS			
\$1,000,000 Limit for \$295.80 Annual Cost (Includes Surplus Lines Tax) \$2,000,000 Limit for \$397.80 Annual Cost (Includes Surplus Lines Tax) Association Discount Code: If applicable, discount will be applied upon application processing.				
ADDITIONAL COVE	RAGE OPTIONS FOR FEDERAL LAW EN	FORCEMENT OFFICERS ONL	Y	
LEOSA/State CCW coverage is available only to federal employees who are certified as "qualified active law enforcement officers" of a government agency as defined by and in accordance with 18 USC 926 Band 18 USC 926C. This coverage option is not available to other federal employees. By choosing one of these additional coverage options, I certify that I am a "qualified law enforcement officer" of a government agency as defined by and in accordance with 18 USC 926B and 18 USC 926C.				
□ \$250,000/\$50,000/\$25,000 Protection □ \$500,000/\$50,000/\$25,000 Protection	•	,		
= \$500,000,\$50,000,\$25,000 Frotection	PAYMENT OPTIONS	pius Lines Tuxy		
E DAVEGUL DEDUCTION		D.D.		
□ PAYROLL DEDUCTION	☐ CREDIT CA		□ CHECK	
Enrollment is not complete and your policy is not effective until the allotment through your payroll system is established. Instructions to establish your allotment will be sent to you via email within 24 hours of processing your application.	☐ MasterCard ☐ Visa Card Number: Security MM/YY	□ Discover Code:	I have enclosed a check payable to FEDS for my annual payment. Payment should be mailed to FEDS, P.O. Box 65282, Washington, DC 20035.	
REPRESENTATIONS				
 I represent that the above statements are true and no material facts have been suppressed or misstated. I understand that any preexisting matter that has been disclosed or should have been disclosed in the application will be specifically excluded from coverage under the policy issued in response to this application. I understand the FEDS PLI policy is underwritten and issued on a group basis by Federal Employee Defense Services, Inc. through the Public Employees Purchasing Group (PEPG) domiciled in Washington, DC. As such, Insured Members become members of the PEPG, entitling them to group rates and subject to master policy aggregates, terms and conditions. If I am paying by credit card, I authorize you to charge the cost of FEDS membership to the chosen card above. I hereby wish to enroll/renew my FEDS PLI policy and certify that I am currently a full or part time federal employee. 				

Federal Assets Sale and T	ransfer Act of 2016 (Public Law 114-287)	
Recommendation Templa	te	
Evaluation Criteria		
Priority Ranking	Definition	
High	Real Estate Fundamentals are strong, Financials are favorable , Schedule Certainty is high	
Medium	Real Estate Fundamentals are average, Financials are neutral, Schedule Certainty is moderate	
Low	Resl Estate Fundamentals are poor, Financials are unfavorable, Schedule Certainty is low	
Evalutation Factors	Definition	Contributing Data Elements
Real Estate Fundamentals	An understanding of the property's title and environmental condition will be paramount in determining project feasability when considering the accelerated timelines that the law envisions. Properties with clean title and negligible environmental and cultural resource issues will have priorty in the ranking system. In addition, property location and market cycle will be key factors.	Section 1: Ownership and Section 2: Marketability
Financials	Where applicable, agencies will identify estimated costs to provide regulatory closure and other investments needs associated with the project being recommended. Since low investments costs may not directly correlate to a high priority ranking for an agency, GSA will consider project scope and risks when evaluating for cost. Where return is positive/attractive for non-disposal projects, recommendations will be given a higher ranking. Where return is less attractive/negligable, recommendations will be given lower rankings	Environmental Characterization, Cost to Clean, and Section 4: Financial Information
Schedule Certainty	Schedule will be defined by the submitting agency in the description of project scope and project risks. Some recommendations may have already gone through internal agency scrutiny and project schedules may be clearly defined. These projects will be given priorty.	Project Scope and Project Risks
P.L. 114-287 Factors	The public law explicitly spells out eleven evaluation factors concerning a number of aspects related to agency mission and local socioeconomic impacts. The template provides the appropriate citation, where applicable	Section 3: Agency Mission and Section 5: Utilization Rate



TETORIN TO NOTICEO

Notice Information

Packages

s Interested Vendors

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Link

Note: This notice has been posted. Any changes must be done in the form a new modification/amendment notice

Notice Information

Solicitation: Agency/Office:

Return To List | Modify/Amend | Archive

EQWPIAA-17-0016 Public Buildings Service (PBS)

Location:

NCR Capital Construction Center 2 (47PM02)

Title

Construction Services for the Dwight D. Eisenhower Memorial Project

Description(s):

Added: Mar 08, 2017 5:32 pm

THIS IS A PRE-SOLICITATION NOTICE. THIS IS NOT A REQUEST FOR PROPOSALS.

The General Services Administration, Public Buildings Service, National Capital Region, working with the Dwight D. Eisenhower Memorial Commission (EMC), intends to issue a Request for Proposal for Construction Manager as Constructor (CMc) services intended for a New National Dwight D. Eisenhower Memorial. The Memorial will be located entirely on Federal Property at a four acre site in the center of Washington, DC. The site lies at the intersection of Maryland and Independence Avenues, SW and spans two blocks, from 4th street to 6th Street, SW. The estimated range for this project is between \$85,000,000 and \$95,000,000.

The Project:

Provide Construction Manager as Constructor (CMc) services necessary to construct the new Dwight D. Eisenhower Memorial in Washington, DC. The Eisenhower Memorial will be a permanent addition to the urban landscape of Washington DC. The Eisenhower Memorial must have quality and substance equal to its place in the monumental core of the Nation's Capital. It will be a "plaza-type" memorial with extensive landscape and hardscape components and a small (approx. 4,500 SF) building consisting of office space, a bookstore, public toilets, and support facilities for the operation and maintenance of the Memorial. The project will feature large monumental-grade memorialization elements and aesthetic depictions befitting a national presidential memorial within in the scope of the construction contract. The estimated construction cost including all construction work and memorialization elements, NOT INCLUDING the bronze sculptures, ranges

PROCUREMENT NOTICE INFO

 Created:
 March 8, 2017 4:33 pm

 By:
 Adrienne Smith

 Modified:
 March 8, 2017 5:32 pm

By: Adrienne Smith

GENERAL INFORMATION

Presolicitation

Posted Date:

March 8, 2017

Response Date:

Notice Type:

Archiving Policy: Manual Archive

Archive Date:

-

Classification Code:

Y -- Construction of structures and facilities

NAICS Code: 236 -- Construction of

Buildings/236220 -- Commercial and Institutional Building Construction

NOTICE HISTORY

Original Notice: EQWPIAA-17-0016

(Mar 08, 2017)

between \$85,000,000 and \$95,000,000. The Bronze sculptural figures are being procured by GSA under a separate contract. All work will be performed in accordance with GSA authorized and approved standards.

Award will be a Construction Manager as Constructor (CMc) Guaranteed Maximum Price with Construction Contingency Allowance and Shared Savings contract. The CMc contract is a variation on the fixed price incentive (successive targets) contract type found in FAR 16.403-2 tailored for construction. The ceiling price is set at selection and award of the contract. The adjusting profit requirement in FAR 16.403-2 is accomplished through the shared savings aspect of the contract. The solicitation will be made under FAR 15 Source Selection. The procurement method will be a competitive negotiated RFP. Award will be made to the offeror whose proposal conforms to all requirements of the solicitation and is considered to be most advantageous to the Government, cost or price and other factors considered. For the solicitation, the combined weight of the technical evaluation factors is significantly more important than price. As technical proposals become more equal in their technical merit, the evaluated cost or price becomes more important.

Design Phase Services include, and are not limited to, review and evaluation of the Architect of Record construction document submissions for constructability, reconciliation of all cost estimates; preliminary project schedule development; identification of long-lead items, and, establishment of firm-fixed pricing. The CMc shall possess a full understanding of the project, its contract documents, the principles of Federal construction contracting and contract administration. Most importantly, the CMc shall have complete responsibility for the construction of the facility, should the Option for Construction Phase Work be exercised.

Construction Phase services include, but are not limited to, construction; project scope management; selection and procurement of all necessary subcontractors, including artisans; administration of the construction contract and all subcontracts; critical path method (CPM) scheduling and schedule control; monitoring construction costs; progress reporting; conducting and coordinating inspections and testing to ensure proper functioning of the Memorial; coordination of commissioning and turnover to designated facility management staff and tenants; performing closeout procedures; and, all other required services necessary for a complete and sustainable facility.

The North American Industry Classification System (NAICS) code for this work is 236220. All responsible firms may submit an offer. This is a competitive negotiated acquisition governed by procedures in FAR 15. Proposals (Technical and Price) will be evaluated by the Government using source selection procedures per FAR Subpart 15.3. Only one proposal may be submitted by each offeror. Offerors should submit proposals that are acceptable without additional explanation or information as the Government may make a final determination regarding a proposal's acceptability solely on the basis of the initial proposal submitted. The Government may make an award without discussions. Therefore, offerors will be requested to submit initial proposals to the Government on the most favorable terms from a technical and price standpoint. Proposal submission instructions will be included in the RFP.

GSA anticipates awarding one firm-fixed price contract as a result of the solicitation.

The RFP will be available on or about 15 days after the posting of this Pre-Solicitation Notice. It is anticipated that the proposals will be due approximately 45 days after the RFP is released. The actual date and time will be identified in the RFP package. All information, amendments and questions concerning the solicitation will be electronically posted at the following web

page: http://www.fbo.gov. Offerors must be registered in the System for Award Management (SAM) www.sam.gov.

A Bid Bond is required at the time the price proposal is submitted; Performance and Payment Bonds will be required prior to receipt of Notice to Proceed.

Before the award of the contract, the selected firm, if a large business, shall be required to present an acceptable Small Business Subcontracting Plan in accordance with Public Law 95-507. As part of its commitment to socioeconomic initiatives of the Federal Government, the General Services Administration has established national subcontracting goals of 29% for small business (SB), 5% for Small Disadvantaged Business (SDB), 5% for Women-Owned Small Business (WOSB), 3% for HUB Zone Small Business (HUBZ), and 3% for Service-Disabled Veteran-Owned Small Business (SDVOSB)) for fiscal year 2015. In support of the agency's effort, firms seeking consideration for this contract shall demonstrate a proactive effort to achieve the above goals. The use of subcontractors will be reflected in a Small Business Subcontracting Plan and included in the final contract. An acceptable subcontracting plan must be agreed to prior to award.

No telephone requests will be accepted. All inquiries must be in writing, preferable via email to the persons specified in the solicitation. All answers will be provided in writing and will be available on the aforementioned FBO posting.

DISCLAIMER: The official solicitation package and technical specifications will be located on the official government web page and the Government is not liable for information furnished by any other source. Amendments, if/when issued will be posted to the FBO site for electronic downloading. This will normally be the only method of distributing amendments prior to closing; therefore, it is the offeror's responsibility to check the website periodically for any amendments to the solicitation. Websites are occasionally inaccessible due to various reasons. The Government is not responsible for any loss of Internet connectivity or for an offeror's inability to access the documents posted on the referenced web pages. The Government will not issue paper copies.

ANY AWARD WHICH RESULTS FROM A SUBSEQUENT SOLICITATION WILL BE SUBJECT TO THE AVAILABILITY OF FUNDS.

Primary Point of Contact.: Adrienne Smith,

Contract Specialist bonnie.echoles@gsa.gov Phone: (202) 708-6190 adrienne.smith@gsa.gov

Phone: 202-580-9990

Secondary Point of Contact:

Bonnie M Echoles 7th and D Streets, SW

Washington, District of Columbia

Contracting Office Address:

20407

United States

Place of Contract Performance:

Washington, District of Columbia 20407 United States

Allow Vendors To Add/Remove From Interested Vendors:

Yes

Allow Vendors To View Interested Vendors List:

Yes

Recovery and Reinvestment Act Action:

Solicitation External Reference:

https://www.fbo.gov/spg/GSA/PBS/WPC/EQWPIAA-17-0016/listing.html

Solicitation External Reference To Packages:

https://www.fbo.gov/spg/GSA/PBS/WPC/EQWPIAA-17-0016/packages.html

Return To List | Modify/Amend | Archive | Print

<u>User Guide</u> <u>For Help: Federal Service Desk</u> <u>Accessibility</u>

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FedRAMP Branding and Logo

Background and Update Considerations and Costs

The FedRAMP logo is widely recognized across the information technology community in both government and industry. FedRAMP as a name and logo have a current Service Mark protecting the use of not only the term "FedRAMP" but the logo as well. The value of the Service Mark is that it enables GSA to maintain the integrity of FedRAMP and ensure that no one references or infers their association with the program in inaccurate or incorrect ways. In other words, when someone says "FedRAMP" or uses the logo, it carries value and weight with industry and government.

CURRENT USE

The FedRAMP logo is widely used, both by GSA and program office as well as externally by private industry.

Government Websites

Internally to GSA, the logo is currently used across 50+ pages on FedRAMP,gov and GSA.gov. The FedRAMP logo is also used on DHS.gov, DOD.gov, NIST.gov, 18F.GSA.gov, CIO.gov, among other government websites.

FedRAMP Materials

The FedRAMP logo is used in 30+ public facing guidance documents hosted on FedRAMP.gov as well as a variety of tools and templates. The logo is also in over 100 presentations available on the internet and in various videos available on YouTube.

Vendor Materials

FedRAMP authorized cloud providers and accredited third party assessors use the FedRAMP logo on their websites, branding material, and videos. The total number of industry partners that use the FedRAMP logo is greater than 200.

<u>Press</u>

The FedRAMP logo is widely used on press websites such as FCW, Federal Times, NextGov, FedScoop, CyberScoop, Federal News Radio, and Government Matters.

HISTORY OF THE FEDRAMP BRAND AND LOGO

FedRAMP's first branding efforts began in mid-2009 before the program itself was formalized via OMB policy memo in December 2011. As FedRAMP was being created through the Federal Cloud Computing Initiative under the Federal ClO Council, it was

clear that the concept needed a brand and logo for promotional purposes. Under the direction of the Federal CIO (Vivek Kundra), the Federal Cloud Computing Initiative Director began branding FedRAMP.

GSA worked with NIST to understand how similar programs created a brand by examining the UL (underwriters labs), ENERGY STAR, LEED Green Building, and other certification programs. GSA also worked with graphic artists from SRA International to develop an initial logo. This led to the creation of a branding guidance document to create a formal brand and logo.

FORMAL BRANDING DOCUMENTATION

The FedRAMP Branding Guidance Document was created to detail how vendors could detail their participation with FedRAMP, the color palette and design of the logo, and acceptable uses of both the word "FedRAMP" and the logo itself.¹

Two key aspects of the logo itself - color palette and design - originate from standardized and widely adopted federal standards:

- Color: The use of red, white, and blue to align with traditional notions of patriotism and the Federal government.
- Design: A circular logo that aligns with the vast majority of agency logos across the Federal government.

LOGO DESIGN

The official FedRAMP logo design has morphed over time from our while maintaining the same basic design language.

Original Logo

When FedRAMP launched in June 2011, it was marked with the formal release of the original FedRAMP logo. Features of the logo included:

- An inclined plane to represent the 'RAMP' portion of the program's abbreviated name. This was intended to demonstrate agencies "ramping" up to use cloud services.
- The word "FedRAMP" was also located within the logo so that when people saw the logo, it was clear it was associated with the FedRAMP program. Additionally, placing the word within the logo ensured that there wasn't additional space needed for logo placement on marketing materials.

FedRAMP

¹ This branding guidance has gone through multiple revisions and is always current and up to date on www.FedRAMP.gov.

• There were also three additional versions of the logo with "JAB" "Agency" and "3PAO" under the word "FedRAMP" to denote specific ways a vendor or services were associated with the program.

Current Logo

Approximately two and a half years ago FedRAMP went through a redesign of the logo. The rationale for the updated logo was to address concerns from agency and vendor partners that:

- The logo colors were not "modern"
- The use of the word "FedRAMP" within the logo was limiting to the size of the logo
- The various versions of the logo led to confusion within industry
- There were complaints that the logo was reminiscent of the Obama campaign logo.

Features of the redesigned logo include:

- Darker colors to make the logo more bold
- Two red lines instead of a red and blue slanted line.
- A clearer distinction of between the lines going through the blue circle.
- The two lines ramping in a continuously upward arc rather than plateauing out in order to show increased growth.
- A singular logo without the word "FedRAMP" incorporated into the design.



CONSIDERATIONS FOR A FEDRAMP LOGO REDESIGN

Analyzing The Costs Associated With A Redesign Effort.

When considering the the costs associated with redesigning the FedRAMP logo, it can be divided into two categories: logo development and logo implementation. **The total cost for a logo redesign effort is estimated to be \$260,000-\$280,000**.

As a note, these costs are only the costs associated with internal logo redesign and implementation, it does not impact the costs associated for external vendors and agencies to update their websites, materials, and collateral as well, which the PMO estimates at 10x the cost to the government.

Additionally, these costs are only associated with contractor costs, not government staff time and salary costs.

LOGO DEVELOPMENT

In order to develop a new FedRAMP logo, there are three key steps to the development. First, determining the need for the logo redesign and to understand why the current logo is not meeting current needs of the program or stakeholders. Second, ensure that any redesign clearly articulates and represents the FedRAMP brand and identity. Third, design the new logo.

<u>Determine Need For Logo Redesign</u>

The first step in creating a new logo for an organization is to clearly identify the reason for redesigning the logo so that the effort can achieve the desired goal. This process includes:

- Facilitating discussion with FedRAMP and GSA leadership to identify reasons for creating a new FedRAMP logo
- Surveying stakeholders across government and industry to understand current perceptions of FedRAMP and its logo through interviews and focus groups
- Synthesizing data from focus groups and presenting findings to FedRAMP and GSA leadership

Articulate FedRAMP's Brand Identity

The next step is to clearly articulate the organization's brand identity and validate that it is represented across the organization's products and services. This will ensure that the logo aligns with this identity and doesn't create any unanticipated dissonance for stakeholders. This process includes:

- Facilitating discussion with FedRAMP and GSA leadership to create and validate vision for FedRAMP and required brand components
- Drafting brand identity statements
- Reviewing existing services to ensure brand aligns with FedRAMP's work
- Synthesizing all data gathered in this and the previous phases to serve as input into logo design

<u>Design New Logo</u>

In this phase, the design team will use the brand identity to create the new FedRAMP logo and all accompanying materials. This process includes:

- Conducting logo brainstorming meeting that include the design team and the FedRAMP leadership team
- Designing a series of logo options
- Selecting new logo, including all necessary approvals
- Creating brand guidelines to accompany the new logo
- Redesigning all necessary material

Logo Development			
Step	Duration	Cost	
Determine need for logo redesign	2 weeks	\$20,000	
Articulate FedRAMP's brand identity*	4 weeks	\$40,000	
Design new logo**	8-12 weeks	\$40,000-\$60,000	
Total***		\$100,000-\$120,000	

^{*}The duration and cost of this step will depend on how many stakeholders are convened via interviews and focus groups

Logo Implementation

Once the logo has been designed and all collateral has been updated, it can be rolled out both internally and externally. This includes:

Create Logo Implementation Plan

- Identifying all templates, collateral, websites, and other material to be updated with the new logo
- Draft internal and external communications campaign and launch plan
- Identify audiences for the rollout of the new logo
- Determine appropriate channels to reach necessary audiences
- Create messaging that explains the reason for changing the logo and what it means for those audiences

Update Website and Collateral

- Update all templates, collateral, and other materials
- Update websites under control of GSA

Unveil Logo And Accompanying Materials To Staff

- Explain why the logo was changed and what it means for them, the organization, and stakeholders
- Share the new logo, guidelines, and templates with staff according to launch plan

^{**}The duration and cost of this step will depend on how many approvers will be involved and their availability for decision making

^{***}This total cost only accounts for the cost of contractor assistance, not government staff time.

• Train staff on how to use new templates, the "dos and don'ts" of using the new logo, and how to communicate the change with stakeholders

Launch New Logo Externally

- Execute communications campaign (press releases, "roadshows," interviews and focus groups, answer questions, etc.)
- Provide continued support and guidance to stakeholders as their needs for revising collateral/materials are identified

Logo Implementation			
Step	Duration	Cost	
Create logo implementation plan	2 weeks	\$20,000	
Update Website and Collateral	4 weeks	\$60,000	
Unveil logo and accompanying materials to staff	1 weeks	\$20,000	
Launch new logo externally, including stakeholder support and messaging*	4 weeks (ongoing)	\$60,000	
Total**		\$160,000	

^{*}Costs associated with changing the logo may increase as additional materials are identified for updating, beyond the initial assessment.

CONSIDERATIONS FOR A LOGO REDESIGN

- Logo changes imply changes to the way the organization operates and works with its customers. This could create confusion and concern among FedRAMP's stakeholders and will require a deliberate communication campaign.
- Industry stakeholders may object to the time they need to spend updating the logo on their websites, collateral, etc., which could include significant design, marketing/conference material, printing, and resources costs.
- Because the federal government doesn't profit from logos, stakeholders may question the need for spending resources - including time and dollars - on the effort.

^{**}This total cost only accounts for the cost of contractor assistance, not government staff time.

MANAGEMENT

Making Government Work Again

The Federal Government can—and should—operate more effectively, efficiently, and securely. For decades, leaders on both sides of the aisle have talked about the need to make Government work better. The President is taking bold action now to make Government work again for the American people.

As one of his first acts as President, on January 23, 2017, the President issued a memorandum imposing a Federal "Hiring Freeze" and requiring a long-term plan to reduce the size of the Federal Government's workforce. In addition, on March 13, 2017, the President signed Executive Order 13781 establishing a "Comprehensive Plan for Reorganizing the Executive Branch," which set in motion the important work of reorganizing executive departments and agencies. These two actions are complementary and plans should reflect both Presidential actions. Legislation will be required before major reorganization of the Executive Branch can take place, but the White House is best situated to review and recommend changes to the Congress. In roughly a year, the Congress will receive from the President and the Director of the Office of Management and Budget (OMB) a comprehensive plan for reorganization proposals. The White House will work closely with congressional committees with jurisdiction over Government organization to ensure the needed reforms actually happen.

Simultaneously, the Administration will develop the President's Management Agenda focused on achieving significant improvements in the effectiveness of its core management functions. The President's Management Agenda will set goals in areas that are critical to improving the Federal Government's effectiveness, efficiency, cybersecurity, and accountability. The Administration will take action to ensure that by 2020 we will be able to say the following:

- 1. Federal agencies are managing programs and delivering critical services more effectively. Administration will take an evidencebased approach to improving programs and services—using real, hard data to identify poorly performing organizations and programs. We will hold program managers accountable for improving performance and delivering high-quality and timely services to the American people and businesses. We will use all tools available and create new ones as needed to ensure the workforce is appropriately prepared.
- 2. Federal agencies are devoting a greater percentage of taxpayer to mission achievement dollars rather than costly, unproductive compliance activities. management improvement initiatives resulted in the creation of hundreds of guidance documents aimed at improving Government management by adding requirements to information human technology capital, (IT),acquisition, financial management, and real property. Furthermore, these Government-wide policies often agencies' hands and keep managers from making commonsense decisions.

8 MANAGEMENT

As a result, costs often increase without corresponding benefits. The Administration will roll back low-value activities and let managers manage, while holding them accountable for finding ways to reduce the cost of agency operations. As part of this effort, OMB will review requirements placed on agencies and identify areas to reduce obsolete, low-value requirements.

3. Federal agencies are more effective and efficient in supporting program outcomes. Delivering high-performing program results and services to citizens and businesses depends on effective and efficient mission support services. However, despite years of efforts to improve these critical management processes, managers remain frustrated with hiring methodologies that do not consistently bring in top talent, acquisition approaches that are too cumbersome, and IT that is outdated by the time it is

deployed. The Administration will use available data to develop targeted solutions to problems Federal managers face, and begin fixing them directly by sharing and adopting leading practices from the private and public sectors. Among the areas that will be addressed are how agencies buy goods and services, hire talent, use their real property, pay their bills, and utilize technology.

4. Agencies have been held accountable for improving performance. All Federal agencies will be responsible for reporting critical performance metrics and showing demonstrable improvement. OMB will also regularly review agency progress in implementing these reforms to ensure there is consistent improvement.

Through this bold agenda, we will improve the effectiveness, efficiency, cybersecurity, and accountability of the Federal Government and make government work again.





March 23, 2017

TO:

HEADS OF SERVICES AND STAFF OFFICES

REGIONAL ADMINISTRATORS
REGIONAL COMMISSIONERS

FROM:

ROBERT CARTER 💆

ASSOCIATE ADMINISTRATOR
OFFICE OF MISSION ASSURANCE

SUBJECT:

GSA Contractor Fitness Determination Program Update

The Office of Mission Assurance (OMA) is dedicated to providing excellent contractor background investigation/fitness determination and credentialing customer service to GSA Services and Staff Offices. In line with that goal, OMA has established five fitness determination zones (Attachment 1) nationwide to manage the process for contractor onboarding. This new change will be effective May 1, 2017.

This change creates a more streamlined and efficient process (Attachment 2). The new zonal concept will establish zonal help desks to assist your staff with getting contractor's onboard quickly. Over the next two months, OMA will present the new zonal background investigation/fitness determination process to PBS and FAS regional management and contracting teams well in advance of the kick off date.

OMA requests all Regional Contracting Officers [or their representative] complete a Contractor Information Worksheet (CIW) for each individual active contract, task order, lease or RWA as per Attachment 3. Send the completed CIWs electronically to the respective Zonal Help Desk per Attachment 1 by April 14, 2017. If you have any questions, please contact Grady Hannah, Personnel Security Division Director at (202) 219-0273 or grady.hannah@gsa.gov or the OMA Regional Director for your zone: Michael Stec, OMA Eastern Regional Director at (617) 565-7142 or michael.stec@gsa.gov, or Bobby Deitch, OMA Western Regional Director at (202) 208-5469 or bobby.deitch@gsa.gov.

Attachments

- 1. Fitness Determination Zones
- 2. Zonal Process Flow Charts
- 3. GSA Requesting Official's Roles and Responsibilities



OFFICE OF CUSTOMER EXPERIENCE VISION AND PLAN

GSA designs and evolves products and processes relying on a datadriven understanding of customer perspectives.

Customer-centric thinking becomes a part of "business as usual" and is firmly engrained in GSA operations across business lines.

GSA leads by example and works with other Federal government entities to instill a "customer first" mindset across the entire Federal government.

CUSTOMER EXPERIENCE PHILOSOPHY AT GSA

To improve customer experience at GSA, put the customer at the center of five organizational drivers.

	UNDERSTANDING	Empower people to make data driven business decisions every day around the customer.
{O}	PROCESS	Design customer interactions that meet customer needs consistently and cohesively.
	GOVERNANCE	Consider the customer when making decisions.
	CULTURE	Share strong values and behaviors around delivering a great customer experience.
	PRODUCT DEV	Track emerging needs of customers and create products and services for these needs.

HOW MIGHT WE...MAKE GSA MORE CUSTOMER-CENTRIC?

GSA's Office of Customer Experience has partnered with The Lab at OPM to facilitate customer-centered workshops with GSA teams.

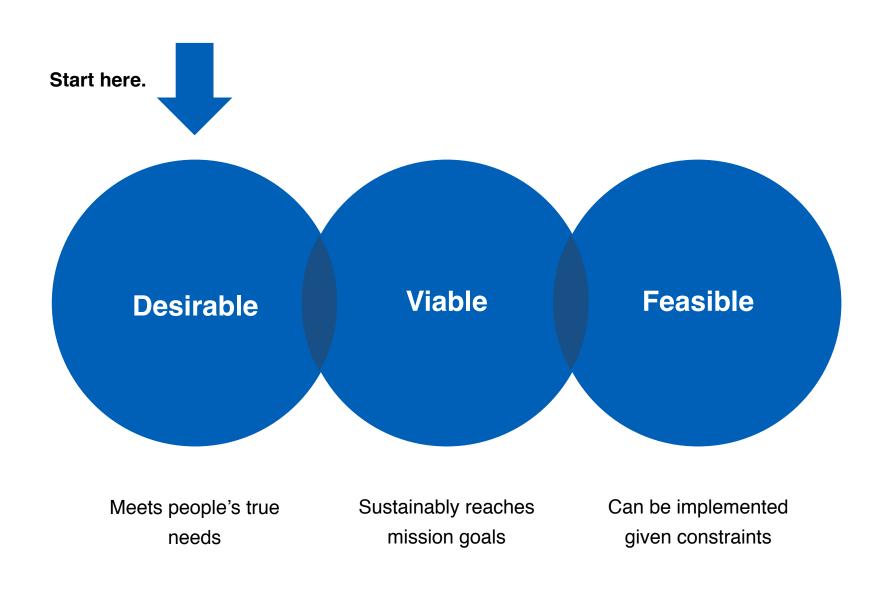
Together, we are offering:

- Targeted classroom-based training in Human-Centered Design (HCD) process and methods
- Short and long-term project-based engagements that support specific improvements while also developing HCD capabilities

WHAT IS HUMAN-CENTERED DESIGN?

The discipline of navigating complex problems and creatively designing effective solutions to meet people's real needs.

WHY HUMAN-CENTERED DESIGN?



WORKSHOP STRUCTURE

Develop custom, interactive workshop agendas that balance learning and application through collaboration.

Morning — Fundamentals and Problem Framing

Afternoon — Experience Mapping and Action Planning

Intro

HCD Fundamentals

Problem Framing

Customer Identification

Lunch

Experience Mapping

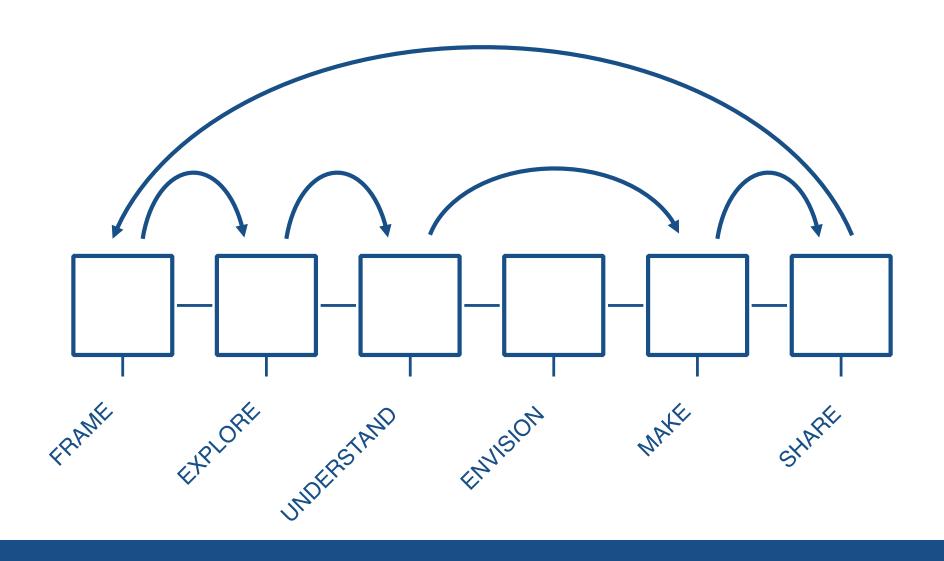
Research Fundamentals

Research Planning

Wrap Up & Next Steps

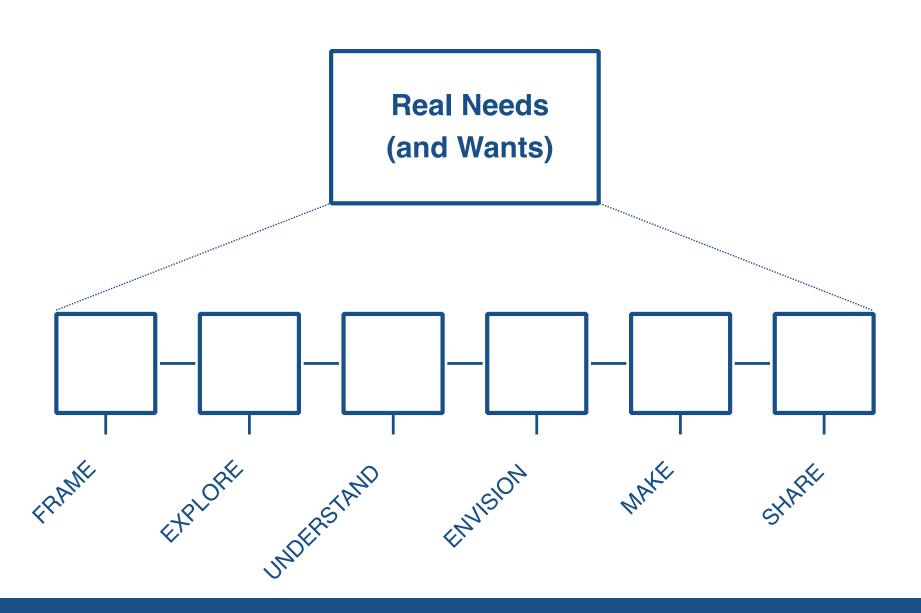
THE DESIGN PROCESS

Cultivate an iterative, experimental approach that alternates between building, testing, and learning...



THE DESIGN PROCESS

...and is centered around a deep understanding of customer needs.



RESOURCES

In addition to the the workshop, each participating group will receive tips, resources, and guidance for implementing HCD methods.

Planning Calls

Workshop Design

Pre-Reads

Logistics

Instruction

Collaboration

Application

Planning

Workshop Summary Document

Office Hours

Implementation Guidance

GSA HCD Community Access

Ongoing Resources

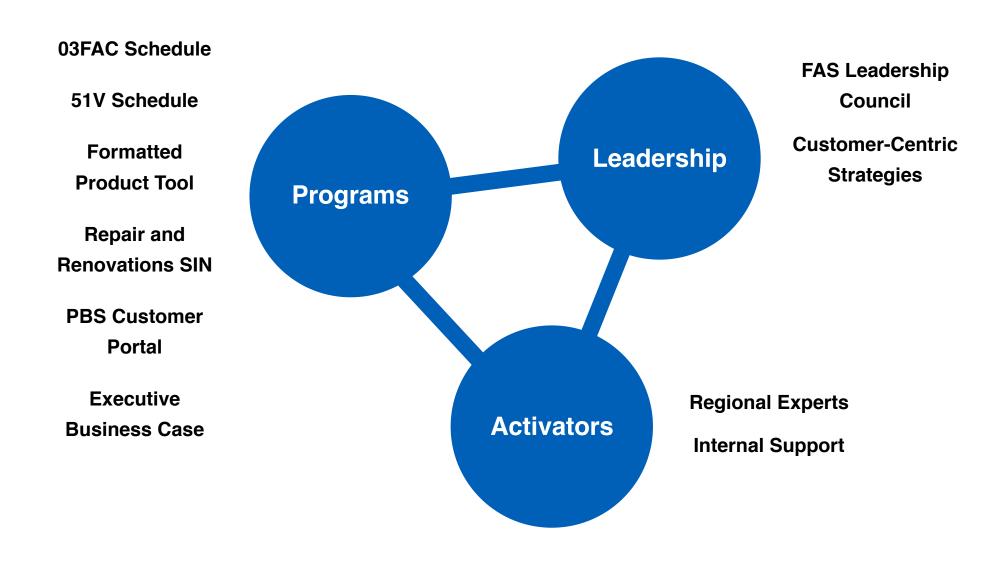
PRE-WORKSHOP (1-2 months)

WORKSHOP (1-2 days)

POST-WORKSHOP (1-6 months)

NETWORK

Through our workshops, we have introduced HCD methods to 70+ leaders and practitioners across the agency. This alumni network models and implements HCD best practices in current and future programs.



QUESTIONS?

anahita.reilly@gsa.gov matthew.ford@gsa.gov



GSA IT Overview

David Shive March 16, 2017

- Agency Mission
- Agency IT Snapshot
- Key Citizen-Facing Services
- Opportunities
- Challenges

Contents

Agency Mission and Overview

The General Services Administration (GSA) mission is to deliver the best value in real estate, acquisition, and technology services to government and the American people.

CIO reports to: Deputy Administrator **Size and Function**

- GSA is a CFO Act agency with ten regional offices around the country and three "National Services": the Federal Acquisition Service (FAS), the Public Buildings Service (PBS), and the Technology Transformation Service (TTS).
- GSA also supports a number of government-wide IT-related programs and services through its Office of Governmentwide Policy (OGP), such as executing the Federal Public Key Infrastructure (FPKI), maintaining the domain registration for all ".gov" websites, and supporting Section 508 compliance.
- GSA has 11 regions and in FY16 GSA utilized 11,178 full-time equivalents (FTE)

Critical Systems/Capabilities

- Top 3 High Value Assets (HVAs): Login.gov, Sam.gov and USAccess
- Critical Technologies/Systems: GSA Advantage, HRIT Transition to Transformation (HRT2T), Order Management System (OMS), GSA Real Estate Exchange (G-REX), Real Estate across the US (REXUS), Acquisition Gateway, Pegasys (Financial System), Data to Decision (D2D)

General Services Administration

CIO: Dave Shive
DCIO: Steve Grewal | CISO: Kurt Garbars

IT SPEND OVERVIEW

\$710M TOTAL FISCAL 2016 SPENDING

MAJOR INVESTMENTS

96% PROJECTS ON BUDGET

98%PROJECTS ON SCHEDULE

19.00% 8.60% 72.40%

O&M DME Provisioned

Non-provisioned operations and maintenance (O&M) services (i.e. steady state)

Overall IT Spending

Major investments

Non-major investments

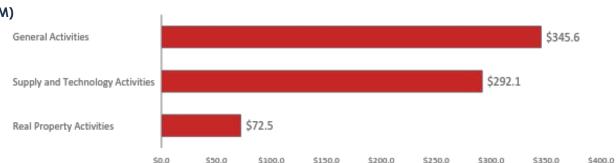


Budget Data from IT Dashboard using IT Portfolio Data Source: https://itdashboard.gov/drupal/data/datafeeds?format=csv

Provisioned DME and O&M services.

Spending by Bureau (\$M)

NOTE: Bureau spending data is based on investment alignment with summary level investments and may associate some bureau spending with department-wide commodity or shared service programs



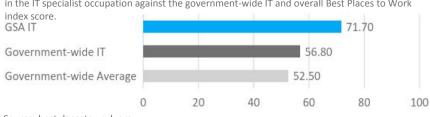
LARGEST MAJOR IT INVESTMENTS

Bureau	Investment	(\$M)
Supply and Technology Activities	Integrated Award Environment (IAE)	\$109.44
General Activities	GSA IT Data Center	\$48.25
Supply and Technology Activities	Federal Acquisition Service Corporate	\$45.45

IT WORKFORCE

Best Places to Work in the Federal Government

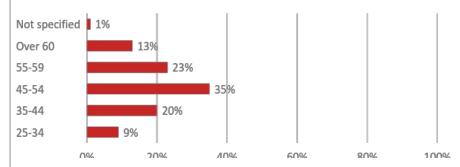
The Best Places to work in the Federal Government rates employee engagement by mission-critical occupations including IT. The below score shows GSA's employee engagement in the IT specialist occupation against the government-wide IT and overall Best Places to Work



Source: bestplacestowork.org

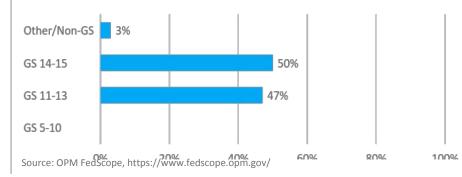
IT Workforce by Age

Total IT Workforce (2210s): 619



IT Workforce by GS-level

Total EV 2010 Consulting





Internal GSA IT Financials and Budget

GSA IT Trends FY13 – FY18*

(Without FMLoB, costs shifted to CFO/USDA)

GSA's overall IT budget was \$701M as reported by CPIC in FY16, GSA IT's budget is a subset of this and was \$498M for FY16. The overall CPIC submission includes IT due to government wide initiatives and shared services from other Staff and Service Offices (SSOs).

Fund	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actuals	FY17 Planned	FY18 Submitted
Working Capital Fund	\$280,206	\$289,277	\$277,740**	\$274,782	\$279,338	\$278,671
Acquisition Services Fund	\$113,065	\$99,870	\$118,797	\$105,579	\$108,775	\$103,791
Federal Buildings Fund	\$126,528	\$65,152	\$58,935	\$54,332	\$49,952***	\$52,540***
Total	\$519,799	\$454,299	\$455,472	\$434,694	\$438,065	\$435,002
\$ Change		(\$65,500)	\$1,173	(\$20,788)	\$3,371	(\$3,063)
% Change		-13%	0%	-4.6%	0.8%	-0.7%
Fund	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actuals	FY17 Planned	FY18 Submitted
Acquisition Services Fund - Reserves	\$19,310	\$44,632	\$37,383	\$63,363	\$70,854	\$52,872

^{*}Does not include external funding

^{**}FY15 WCF adjusted from reported CJ number based on Pegasys data

^{***}Does not include prior year recovery funding: Budget request = \$54M annually & does not include recent FBF cut of ~\$10M in FY17



GSA IT Strategic Framework

IT VISION

To be recognized as a trusted partner and innovative IT leader in the federal government

IT MISSION

To inspire and drive technology transformation by delivering innovative, collaborative and cost-effective IT solutions and services to our customers



5 STRATEGIC GOALS

11 STRATEGIC

OBJECTIVES

Our People, Our Culture



G1-1. Improve Employee Engagement and Morale G1-2. One GSA IT Culture G1-3. Invest, Cultivate and Retain a High-Impact Workforce

11 STRATEGIC

METRICS

SM1. Workforce Engagement and Development Index

Customer Stewardship Internal Processes Organizational Growth

Mission Delivery



G2-1. Improve Customer Experience and Satisfaction **G2-2.** Partner with Customers to Deliver Quality IT Products and Services

SM2. Customer Satisfaction
SM3. FAS IT Value Score

SM4. PBS IT Value Score

SM5. Corporate IT Value Score

Strengthen Cybersecurity



G3-1. Improve Awareness and Understanding of Cybersecurity
Compliance,Threats and Impacts

G3-2. Enhance Cybersecurity Controls and Tools

SM6. Cybersecurity Posture Index

Operational Excellence



G4-1. Improve Management Processes to Streamline Day-to-Day Operations **G4-2.** Strengthen Governance to Facilitate Decision-Making

SM7. IT Savings/Avoidance SM8. Cost Transparency Index SM9. IT Governance Index

SM10. FITARA Compliance Index

Innovation Leader



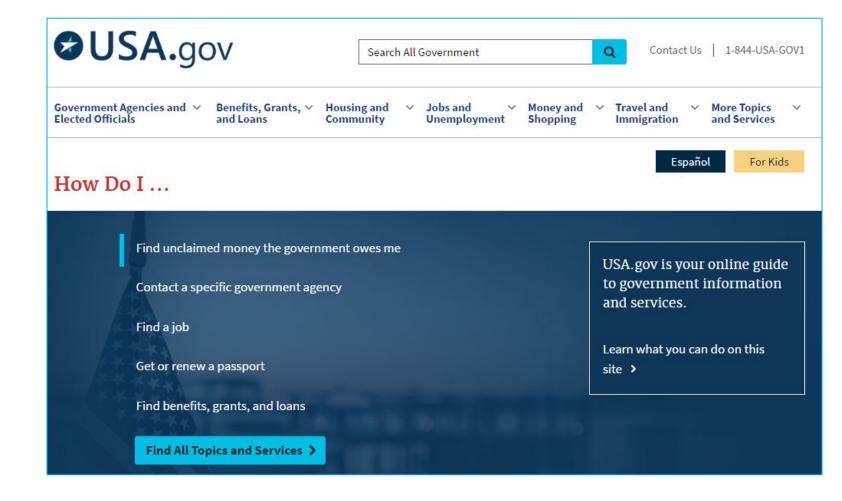
G5-1. Invest in Innovation to Meet Current and Future Customer Needs **G5-2.** Promote an Innovative Culture

SM11. Innovation and Data Analytics Index

Digital Presence

USA.gov

The online guide to the Federal government. This guides the citizen to services we are providing across the government.



Digital Presence

Acquisition Gateway





Conduct Market Research

Solutions Finder

Find contracts, purchase agreements, vehicles and shared services available to your agency

CALC Tool

Awarded labor rates



Manage Your Acquisition Package

Project Center

- Collect and manage documents
- Track milestones and tasks
- · Create a team and collaborate

m Document Library

SOW's, source selection plans, award letters, acquisition plans and more

The Acquisition Gateway is managed by GSA's Acquisition Gateway Team. Using the practice of frequent, iterative development we let customer feedback inform how and what we build.

Digital Presence

openGSA.gov

GSA is transitioning towards opening its information assets; this includes opening our code, data sets and APIs as a matter of public good. Good APIs will allow for an ecosystem of external and internal applications that will provide and support citizen and government reuse of data and functionality.



Opportunities

IT Cost Transparency/TBM

Overview:

Cost Transparency Initiative will help to GSA IT to understand and communicate the cost and consumption of IT resources. The Technology Business Management (TBM) framework is being utilized which enables us to run IT like a business.

Outcome:

Goal of the program is to operate IT more efficiently and help consumers of IT to understand what is being delivered

- Understand the Bill of IT (what is charged annually, particularly for the Working Capital Fund)
- Ability to understand tradeoffs and value
- Data and information to consume IT more efficiently

Planned Actions/Milestones FY17:

- Build out remainder of the cost transparency component within Apptio tool
- Implement infrastructure benchmarking

Investment Required:

- Continued investment in a TBM tool and interfaces to data required (Financial, IT utilization, contract, etc.)
- DM&E funds required to build out the entire taxonomy and creation of interfaces to data sets

Support Needed from EOP: Integration of TBM within the various reporting requirements through CPIC and others, reduce the burden of multiple reporting avenues and increase the quality of the data to the public

Opportunities

Application Modernization & Rationalization

Overview:

GSA is optimizing its IT applications by applying new development techniques through the use of DevOps and cloud-first design which enables rapid, user-focused implementations of new functionality, standardized approach to software delivery and availability of standard platforms.

Application Rationalization is a subset of the modernization effort and is a phased approach to assess the application portfolio for an organization

Outcome:

- Ability to launch new and updated applications on a near-daily basis in a secure fashion
- Data centralization and enhanced end-user experience with fewer applications
- Improved allocation of resources realized from cost avoidances

Planned Actions/Milestones:

- Develop a standard platform, technology, and playbook that results in applications successfully being ATOed and deployed rapidly (FY17)
- Mature the platform and begin measurement of deployment frequency and other DevOps metrics (FY18)
- Focused rationalization efforts within business areas currently focusing on HR applications for FY17

Investment Required:

- Investment in cloud platform (cloud.gov and Business Services Platform)
- Investment in application transformation

Support Needed from EOP:

- Support for FedRAMP Tailored and continued modernization of security standards in a cloud environment will be of great help
- Outcomes of application rationalization analysis consolidation, modernization, transformation and retirement targets, all requirement investment to take effect. Current environment is restricted

Opportunities

Data Analytics

Overview:

Data to Decisions (D2D) is cloud based an analytics-as-a-service (AaaS) platform that was established by the GSA IT Chief Data Officer.

Outcomes:

- Collects data from different source systems in different formats and assembles them into inter/intra-organizational, cross-functional virtual
 and physical Data Marts that drives the production of cross functional dashboarding/reporting
- Centralizes access of enterprise dashboards onto a single website for internal use and external customers/stakeholders based on authentication and access controls
- Managed through a robust governance model that includes Agency Deputy Commissioners, C-Suite, Executives across business lines, IT professionals and business focused data analytic teams

Planned Actions/Milestones:

- Continue to centralize reporting and data modeling needs to reduce duplications across GSA.
- Continue to define all GSA System of Records and enterprise data assets at the data element level

Investment Required:

• Business development demands increase and are funded by the program offices, but the enterprise platform is not resourced to support back end configuration and security needs.

Support Needed from EOP:

• Defining the roles of the Chief Data Officer (CDO) across agencies

Challenges

- Budget Constraints
 - Limits within revolving fund (WCF) and business operating funds (ASF/FBF)
 - Innovation/Modernization of legacy technology must be taken from base
 - Budget reductions across all funds
- Hiring Freeze/Insourcing Initiative
 - Estimated \$4.1M savings per year if completed
- Agile Contracting that can support agile development
- Modernization of Legacy Systems
 - GSA first mover on modernization plays, remaining plays are risky, cost neutral and time consuming
 - Limited reinvestment opportunities for business cases

Modernization Case Studies

Project Title: Help Desk Modernization

Project Description: Migration and consolidation of 18 legacy myriad Help Desk systems to a centralized

and secure cloud-based platform

Outcome Type: Successful Modernization

Overview:

GSA IT consolidated and moved from a myriad of help desks to the ServiceNow platform which streamlines request fulfilment, incident management, problem management, change management, asset management, and configuration management across the agency. By using ServiceNow for all help desks, GSA IT realized, and now projects, the following savings and cost avoidance:

- Fiscal Year 2016: \$50K
- Fiscal Year 2017: \$200K (est)
- Fiscal Year 2018: \$150K (est)

This is in addition to the \$3.2M in cost savings and avoidance realized from Fiscal Years 2012 to 2015.

Modernization Case Studies

Project Title: Email Modernization

Project Description: Migration from legacy Lotus Notes to Google Suite - leveraging Google's email and

application tools instead of owning and maintaining the legacy tools and infrastructure

Outcome Type: Challenge

Overview:

By moving from the legacy Lotus Notes to the Google for Government suite, GSA realized a 5-year savings/avoidance of \$19M from FY2011 to 2015.

Added value was immediately apparent with the improvement in internal and external communications, reduced redundancy, and improved productivity. GSA has also increased accessibility, collaboration, and support for a mobile workforce environment, and reduced custom development needs while seeing an increase in re-use of technology and resources. GSA also transitioned from the standard waterfall project management approach to an Agile hybrid model, leading to 75% improvement in development milestone adherence and a reduction in overhead.

P.L. 114-287 Sec.12: BOARD DUTIES

- (b) IDENTIFICATION OF HIGH VALUE ASSETS.—
- (1) IDENTIFICATION OF CERTAIN PROPERTIES.—Not later than 180 days after Board members are appointed pursuant to section 4, the Board shall—(A) identify not fewer than five Federal civilian real properties that are not on the list of surplus or excess as of such date with a total fair market value of not less than \$500,000,000 and not more than \$750,000,000. (B) transmit the list of the Federal civilian real properties to the Director of OMB and Congress as Board recommendations and subject to the approval process described in section 13.

Purpose:

To identify High Value Assets pursuant to P.L. 114-287 Sec 12(b), factors such as real estate market, , location, ownership, and marketability should be considered relative to the subject property when evaluating the potential for high value

Factors for Evaluation:

- I. Real Estate Market
 - A. Real Estate Cycle (growing and stable markets)
 - B. Vacancy Rates (low)
 - C. Absorption Rates (high)
 - D. Sales and Rental Comps (healthy)
- II. Location
 - A. Proximity to major metropolitan area
 - 1. Within CBD
 - 2. Adjacent to CBD
 - 3. Within 5-10 miles of CBD
 - 4. Greater than 10 miles
 - B. Proximity to Mass Transit (subway, bus/bus rapid transit, commuter rail, highway interchange)
 - C. Proximity to Airports, Seaports, Railports
 - D. Proximity to Neighborhood Amenities
 - 1. Commercial Development: Office, Retail, Entertainment, Hospitality
 - 2. Residential Development
- III. Ownership
 - A. Title (negligible issues, negligible impact on conveyance)
 - B. Known Encumbrances (negligible issues, negligible impact on conveyance)
- IV. Marketability
 - A. Site Characteristics (acres, building size, etc.)
 - B. Path to Regulatory Closure:
 - 1. Environmental Condition: (negligible issues, negligible impact on conveyance)
 - 2. Cultural Resources Historic Preservation, Wetlands, etc.:(negligible issues, negligible impact on conveyance)





The Acting Deputy National Manager for National Security Systems National Security Agency

cordially invites you to attend the

Frank B. Rowlett Award
Ceremony and Luncheon
Recognizing 2014 and 2015 Recipients

on Thursday, the sixth of April two thousand and seventeen

from eleven o'clock in the morning until half past twelve in the afternoon

The winners will be announced at the ceremony.

Canine Suite

National Security Agency Fort George G. Meade, Maryland

Rsvp by the thirtieth of March Y_Protocol@nsa.gov Attn: Nicole Layton

Dress:

Civilian: Business Attire Military: Uniform of the Day

Subscription: \$20.00

Please note that finalists will attend based upon their availability.

2014 FINALISTS:

Organizational:

86th Communications Squadron – Wing Information Assurance Office United States Air Forces in Europe

Communications Systems Directorate/Technology Operations Group/ Cyber Security Group National Reconnaissance Office

Task Force Cyber Awakening
United States Navy (OPNAV N2N6)

Individual:

Dr. James E. Armstrong, Jr.
Chief Information Officer/Authorizing Official, Missile Defense Agency

Mr. Darren J. King Information Assurance Center Director, Defense Contract Management Agency

Mr. John "Rick" Leathart
NAVSEA Principle for Cybersecurity, Naval Sea Systems Command

2015 FINALISTS:

Organizational:

J672 & J674 United States Strategic Command

Cyber TeamUnited States Transportation Command

Individual:

Lt Col Jonathan M. Boling, USAF
Deputy, Cyberspace Assurance Division, United States Strategic Command

Mr. Kurt Garbars

Office of the Chief Information Security Officer, United States General Services Administration

CDR Alberto O. Perez, USN
Modeling and Simulation IT Branch Chief, Joint Staff, Pentagon

The \$20.00 subscription will be collected the day of the ceremony. You may pay by cash or check (preferred method) payable to Sodexo.

Please provide any dietary restrictions at the time of your Rsvp.

Due to contractual terms with the caterer, no refunds shall be made for any reason after the thirtieth of March. Please note if you are unable to attend the ceremony and haven't cancelled your Rsvp by the thirtieth of March, you will be expected to pay the full subscription.

Menu

Appetizer:

Mixed Green Salad with Cucumbers, Tomatoes, Red & Green Peppers, Purple Onions and drizzled with Balsamic Vinaigrette

Entrée:

Chicken Williamsburg
Chicken Breast in an Apple Cider Sauce with
Fresh Apples, Almonds, Brown Sugar, and Raisins

Rice Pilaf

Steamed Fresh Broccoli with Red Pepper Butter

Rolls and Butter

Dessert:

Old Fashioned Strawberry Shortcake Sweet Biscuits with Fresh Marinated Strawberries and Whipped Cream

Coffee

ACCESS INSTRUCTIONS

Please make sure that each attendee fills out the Rsvp form and return to Protocol by 30 March.

On the day of the ceremony, External Guests are requested to use the Route 32/Canine Road entrance and proceed directly to Vehicle Control Point #1 (VCP 1) where your name will appear on the Director's Access List.

Be prepared to show photo identification.

Do not go to the Visitor Control Center.

Proceed to the traffic signal and make a right turn onto Towler Road.

Proceed straight to Post 52, where you will receive a VIP parking pass.

This pass must be clearly displayed in your vehicle to allow you to park in the reserved area. Failure to display the permit will result in a parking violation that is not disputable by the recipient.

Once you have been cleared through the Post, follow the signs directing you to VIP Parking.

Guest decals will be issued in the OPS2B Special Events Center. You will then be escorted to the ceremony.

Executive Summary for 18F Financial Plan

In the October 24, 2016, *Evaluation of 18F*, the Office of Inspector General recommended that 18F "[establish] a viable plan to ensure full cost recovery of ASF funds expended by 18F." In response to the recommendation, and as part of the Corrective Action Plan, TTS, in consultation with OCFO, is providing an updated 18F financial projection and comparing it to the plan approved by the GSA Administrator as part of the fiscal year (FY) 2018 budget process.

Beginning in October 2016, TTS implemented significant changes in the management approach for 18F to improve the operations of individual business units and TTS as a whole. 18F is no longer hiring unless there is a pipeline of projects to support the staffing levels. We are analyzing the sales pipeline, billable work, and utilization levels on a weekly basis. As a result of the changes made, and based on the actual performance to date, each ASF-funded operating unit within TTS is projected to achieve break-even in FY 2018. We are assuming no significant changes in agencies' discretion to be able to use the types of services that are offered.

The updated financial projections provide a three-year overview of the revenue and expenses for TTS organizations. TTS is working closely with OCFO Budget on a monthly basis and reviewing the results with the CFO and TTS Commissioner on a quarterly basis including both financial results and the sales pipeline.

The updated financial projections include 18F, Acquisition Services, and Presidential Innovation Fellows (PIF), which were all part of 18F in FY 2016. The projections reflect operating results and exclude investments in capital projects.

18F Business Management Approach

There have been several significant changes in 18F's management approach in FY 2017. To ensure full cost recovery of ASF funds, 18F has focused on these approaches to achieve stronger results.

The overall staff size of 18F should correspond to imminent market demand for its services. To that end, 18F has invested in the use of Salesforce to gain improved visibility in the pipeline of incoming work and has adopted a weekly reporting cadence to ensure that there is sufficient incoming revenue to support the billable resources and operating expenses for 18F.

TTS has streamlined operations and 18F has reduced its headcount by 7% in the last four months. Through internal restructuring and reallocation of employees, 18F has increased the number of billable employees and reduced the number of non-billable employees.

TTS has implemented an internal control to ensure that no new 18F staff is hired without the written approval of the TTS Commissioner and documented proof of need. 18F improved staffing level controls by decreasing their project lead time (the time from first contact to signed Interagency Agreement) from 120 days to 90 days, which leads to more efficient allocation of staff time and improved forecasting for staff hiring.

18F has made it a priority to substantially increase the number of hours that existing 18F employees are working on agency-partner projects. To that end, 18F has established clear organization-wide targets for full cost recovery and is tracking progress toward that goal each week.

The Executive Director of 18F and the 18F Director of Operations meet with each operating unit every week to ensure that staff is working only on approved projects and to find opportunities for individual employees to work on billable projects to ensure full cost recovery.

Acquisition Services

Acquisition Services expects to be fully cost recoverable in FY 2017 due to sustained customer demand for Agile BPA services, and growth in its state and local procurement consulting work.

PIF

Beginning in Q1 of FY 2017, the PIF Program started the process of transitioning back to a cohort-based reimbursable detail model. In Q1, the program saw a slower rate of interest due to decreased agency demand. Since then, the passing and signing of the TALENT Act institutionalized the PIF Program into law, and agency demand is expected to increase. TTS will work with OCFO to re-evaluate pricing to reflect changes in demand and utilization to ensure full cost recovery.

Summary

The strength of the 18F pipeline, combined with the management discipline described above, is reflected in our improved outlook for FY 2017 and FY 2018.

TO: Vladlen Zvenyach, Acting Assistant Commissioner, 18F

Alla Seiffert, Acting Assistant Commissioner, Office of Acquisitions

Nathan Olson, Acting Assistant Commissioner, Presidential Innovation Fellows Sarah Crane, Acting Assistant Commissioner, Office of Products and Platforms

Crystal Philcox, Assistant Commissioner, Office of Operations

FROM: Rob Cook, Commissioner, Technology Transformation Service (TTS)

DATE: February 28, 2017

RE: TTS Policy and Procedure for Internal Project Review

1.0 Purpose

To establish a clear way for TTS staff to gain approval for non-billable, internal projects in TTS offices funded by the Acquisition Services Fund (ASF). TTS Operations will track our number of all billable and non-billable hours, and it is therefore important that everyone working on internal projects follow this process closely to ensure TTS offices meet end-of-year goals.

2.0 Background

TTS has three offices funded by the Acquisition Services Fund. This fund is a revolving fund and all expenditures from this fund must have a plan for full cost recovery. Occasionally, offices in TTS funded out of the ASF have a need for employees to do work on internal projects that cannot be billed. Examples include, but are not limited to, projects to build or maintain software for internal operational use, establish and operate internal skill building units, or write and maintain internal policies and procedures. Because these projects are non-billable, they require approval to ensure they enhance operation of the office and do not exceed non-billable hours available.

3.0 Policy for Internal Project Review

All internal, non-billable projects within offices funded out of the ASF must be approved by the Assistant Commissioner in writing prior to starting the project. The agreement to pursue the project includes a description of the project, an approved project duration (not to exceed one year), maximum amount of hours to be used on the project, cost of the project, a description of the operational or organizational goal met by the project, and the name of the Assistant Commissioner.

TTS Operations will maintain a list of all approved projects in the same manner as Interagency Agreements and is directed not to create any timekeeping method for unapproved projects. TTS employees must not begin work on an internal project until after the project is approved in writing by the Assistant Commissioner.

4.0 Procedure for Internal Project Review

Any employee wishing to begin an internal, non-billable project must request Assistant Commissioner approval from the office where they are employed. This request must be submitted in writing, via email, using the attached form to the Assistant Commissioner and copying the Director of TTS Business Operations (See

Internal Project Approval Form). The Assistant Commissioner will review and return approval within 30 days. The approval or disapproval is sent to the requestor and the Director of TTS Business Operations.

The Director of TTS Business Operations will ensure a record of approved projects is maintained and time is properly tracked for these projects. Additionally, the Director of TTS Business Operations will ensure projects do not exceed the maximum hours allotted and project end dates are not exceeded on a quarterly basis or as needed by the Assistant Commissioner.

5.0 Procedure for Existing Internal Project Review

Within 30 days of the issuance of this policy, the Assistant Commissioner of each unit will conduct a review of all internal projects currently underway in their unit and approve or disapprove of internal projects already in process. Each non-billable, internal project must have an approval on file to continue operation. This initial review will form the basis for understanding activities currently underway. If Assistant Commissioners, during this initial review, submit internal projects that exceed the TTS estimates for non-billable hours, the Director of TTS Business Operations will request the Assistant Commissioners prioritize their requests. New approved requests will be allowed to begin when non-billable hours are available.

TTS currently maintains working groups and guilds for focused training and development efforts. Work time spent on working groups and guilds must be recorded in the TTS timekeeping system as part of employee enrichment or training and will not be considered a non-billable internal project,

6.0 Applicability

This internal TTS policy for internal projects applies to all offices funded by the ASF until otherwise revoked or altered.

###

TO: Vladlen Zvenyach, Acting Assistant Commissioner, 18F

Alla Seiffert, Acting Assistant Commissioner, Office of Acquisitions

Nathan Olson, Acting Assistant Commissioner, Presidential Innovation Fellows Sarah Crane, Acting Assistant Commissioner, Office of Products and Platforms

FROM: Crystal Philcox, Assistant Commissioner for Operations, Technology Transformation Service

(TTS)

DATE: February 28, 2017

RE: TTS Procedural Control for TTS Timekeeping

1.0 Purpose

To update the TTS policy for timekeeping and implement the policy titled "TTS Policy for Beginning Billable Work" issued by the TTS Commissioner on February 28, 2017. Additionally, this policy meets the requirement of the Corrective Action Plan to be submitted to the GSA Inspector General to implement a procedural control that prevents any work from being logged and/or billed without a fully executed agreement.

2.0 Role of TTS Operations

TTS Operations is the sole entity responsible for the creation and maintenance of timekeeping systems and the creation of projects for time tracking in the system. No other office or person may create projects within Tock or any future timekeeping system.

3.0 TTS Internal Procedure for Project Timekeeping

All internal projects must receive approval consistent with the policy titled "TTS Policy and Procedure for Internal Project Review" issued by the TTS Commissioner on February 28, 2017. The approval will be transmitted to the TTS Director of Business Operations in the format provided for in the above referenced policy.

After transmittal, the TTS Operations staff will create a project for timekeeping on the approved internal project. TTS Operations staff will:

- set billable project start and end dates to match the period of performance in the internal project approval;
- indicate the requestor of the project as the point of contact for the project;
- insert the project description as found in the approval form; and
- alert the internal project point of contact the project has been created.

4.0 TTS Timekeeping Procedure for Billable TTS Projects

All billable projects must have an agreement signed by all parties (servicing agency [i.e. GSA, TTS] and requesting agency), consistent with the policy titled "TTS Policy for Beginning Billable Work" issued by the TTS Commissioner on February 28, 2017. Once a fully executed agreement is received by TTS Operations, the TTS Operation staff will create a project for timekeeping. TTS Operations staff will:

- Create a title with the office name, business unit name, and client name as part of the title.
 - o For example: 18F / Custom Partner Solutions / OPM / Really Cool Hiring Tool
- Obtain a 2-3 sentence description of the project.
- Enter the name of the project manager for the project.
- Include the GSA tracking number (Pegasys/Billing and Accounts Receivable Customer Agreement number or MB number) as part of the timekeeping project.
- Set billable project start and end dates to match the period of performance for the agreement supporting the project.
- Alert the project manager and business unit for the project that the timekeeping project has been created.

5.0 Project Deactivation

Projects will be deactivated in the timekeeping system when any of the following occurs:

- The project period of performance ends.
- The project reaches the partner agency's budget limit.
- The project is terminated by either party.

In these cases, TTS Operations will notify the project point of contact to ensure all work on the project ceases.

6.0 Project Period of Performance Automation

TTS Operations must maintain an internal technical control within any timekeeping system or software to automatically start and end the ability of staff to record time to a project based on the period of performance identified in either the internal project approval or interagency agreement. Currently, TTS uses an internally developed software called Tock for timekeeping. This feature has been present since June 2016 and will remain in use by TTS Operations at all times and in any new system adopted.

TO: Rob Cook, Commissioner, Technology Transformation Service (TTS)

FROM: Crystal Philcox, Assistant Commissioner, TTS Operations

DATE: February 28, 2017

RE: TTS Technical Control for Timekeeping

1.0 Purpose

In order to ensure compliance with all internal policies concerning the beginning of billable work, 18F Operations and TTS Operations developed a technical control that prevents any work from being logged and/or billed without a fully executed agreement. This control also prevents staff from recording time outside the period of performance indicated in either the internal project approval form or an interagency agreement. This satisfies the Corrective Action Plan to be submitted to the GSA Inspector General to:

- implement a technical control that prevents any work from being logged and/or billed without a fully executed agreement; and
- implement a technical control that prevents staff from logging time on any project outside of the Period of Performance set forth in the formal project agreement.

2.0 Description of the Control

TTS currently uses an internally developed software to track time spent on projects. This software, called Tock, has an internal control which prevents time from being entered on projects outside of the period of performance specified in the project creation menu.

Below are images, created on 2/6/17, of the creation of a project called TEST / TEST. In the first instance, this project was created to have an end date of 2/3/17 and be listed as active in the system in the project creation menu. See Image #1. Once this project was created and saved, an attempt was made by a user to enter time for TEST / TEST by searching the time entry dropdown for this project. The screenshot demonstrates that the project cannot be found. See Image #2.

The project timeline was then altered to have an end date of 2/10/17. See Image #3. Upon searching for the project the user was able to locate and enter time for that project because the end date was after the date of time entry. See Image #4.

This technical control exists regardless of the status of the project, whether active or inactive. Additionally, combined with the procedure "TTS Procedure for Beginning Billable Work" issued on February 28, 2017, and the careful assignment of Tock's administrator privileges, this results in a control that prevents entry of time into Tock if the work was not performed during the approved period of performance.

3.0 Screenshots of the Control

IMAGE #1

T / TEST
1. According to
eral Services Administration - 18F (Non-Billable)
7 Nonbillable - Revenue (10/2016 - 9/2017)
nua.bailes 💠 🥕 🛨
7-01-01 Today I 🛗
7-02-06 Today I 🛗
7

IMAGE #2

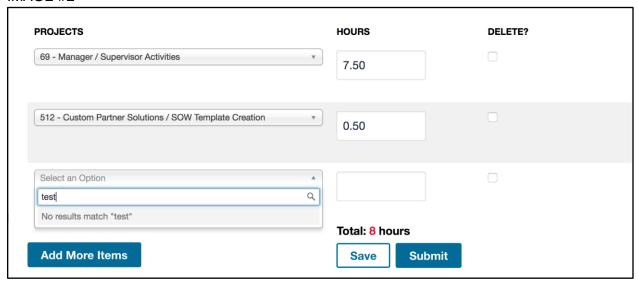


IMAGE #3

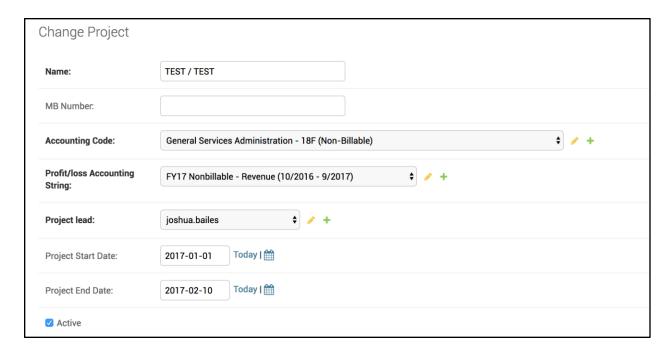
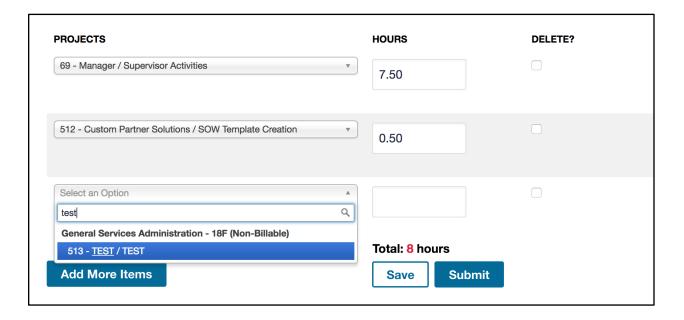


IMAGE #4



TO: Vladlen Zvenyach, Acting Assistant Commissioner, 18F

Alla Seiffert, Acting Assistant Commissioner, Office of Acquisitions

Nathan Olson, Acting Assistant Commissioner, Presidential Innovation Fellows Sarah Crane, Acting Assistant Commissioner, Office of Products and Platforms

Crystal Philcox, Assistant Commissioner, Office of Operations.

FROM: Rob Cook, Commissioner, Technology Transformation Service

DATE: February 28, 2017

RE: TTS Policy for Beginning Billable Work

1.0 Purpose

To establish a clear internal Technology Transformation Service (TTS) policy and procedure for when employees are permitted to begin billable work with other federal agencies, states, and localities. Additionally, this policy will meet the requirement of the Corrective Action Plan to be submitted to the GSA Inspector General to provide formal, documented guidance and training to staff that no work for clients will be performed outside of a fully executed agreement. On the rare occasion when a staff member conducts work outside an agreement, this policy establishes procedures to address the behavior.

2.0 Background

TTS provides services to partner agencies through multiple reimbursable authorities. In order to recover its actual costs, TTS enters into agreements with other federal agencies, other parts of GSA, and Intergovernmental Cooperation Act Agreements with state and local governments. The GSA Office of General Counsel issued consolidated OGC guidance to TTS on November 22, 2016, stating, among other things, that:

- An Interagency agreement (IAA) must be signed by all parties (servicing agency [i.e. GSA, TTS] and requesting agency) prior to work beginning on a project. At GSA, the IAA must be signed by a TTS official with authority to sign IAAs and a GSA OCFO funds certifying official.
- An IAA that cites the Economy Act requires a determination by the head of the requesting agency that
 the order is in the best interest of the U.S. government and that the goods or services ordered cannot
 be provided as conveniently or cheaply by a private entity.
- A written agreement is important because the terms to which the parties agree, as reflected in the
 writing, establish the scope of the undertaking and the rights and obligations of the parties. Also, the
 written agreement can establish a ceiling on the requesting agency's financial obligation.

This advice is applicable to all TTS entities that execute agreements with client agencies.

3.0 Policy for Beginning Billable Work

TTS employees are not permitted to begin work on any billable project without a fully executed agreement that is approved by the GSA Office of General Counsel. If a staff member performs work on a project outside of a fully executed agreement, the applicable TTS Assistant Commissioner will counsel that staff member and review the types of activities covered by this policy to ensure the staff member understands the policy. If the staff member knowingly disregards this policy, the staff member may be subject to disciplinary action. TTS will brief new employees on this rule.

4.0 Applicability

This internal TTS policy applies to all offices until otherwise revoked or altered.

TO: Vladlen Zvenyach, Acting Assistant Commissioner, 18F

Alla Seiffert, Acting Assistant Commissioner, Office of Acquisitions

Nathan Olson, Acting Assistant Commissioner, Presidential Innovation Fellows Sarah Crane, Acting Assistant Commissioner, Office of Products and Platforms

Crystal Philcox, Assistant Commissioner, Operations

FROM: Rob Cook, Commissioner, Technology Transformation Service (TTS)

CC: David Shive, GSA Chief Information Officer

Navin Vembar, GSA Chief Technology Officer

DATE: February 28, 2017

RE: TTS Policy and Process for GSA Chief Information Officer FITARA Review

1.0 Purpose

To establish a clear internal TTS policy and process to obtain required GSA Chief Information Officer (CIO) FITARA review of TTS contracts and agreements. Additionally, this policy fulfills the GSA Inspector General's recommendation that TTS ensure compliance with the Federal Information Technology Reform Act (FITARA) and the terms of the June 2, 2015, Memorandum of Agreement that requires CIO review and approval of all contracts or other agreements entered into by 18F to acquire information technology (IT) or IT services. This policy applies to all internal TTS contracts or agreements, as well as external TTS contracts or agreements that leverage GSA IT's platforms, security or infrastructure.

2.0 Policy and Process

a. Internal contracts or agreements. TTS will submit for review to the GSA IT Chief of Staff and to the GSA TTS Liaison (currently the GSA Chief Technology Officer) all contracts or agreements entered into by TTS to acquire IT or IT services for internal purposes. The GSA IT Chief of Staff and GSA TTS Liaison will review the contract or agreement. Upon resolution, TTS will route the document for review and approval by the GSA CIO. By way of example, this includes all contracts or agreements where TTS is providing IT products or services to TTS or another part of GSA.

b. External contracts or agreements. When TTS is providing IT products or services to another agency, TTS will submit for review to the GSA IT Chief of Staff and to the GSA TTS Liaison (currently the GSA Chief Technology Officer) all contracts or agreements entered into by TTS to acquire IT or IT services if GSA owns the Authority to Operate (ATO) or a GSA-owned platform /infrastructure is being used. The GSA IT Chief of Staff and GSA TTS Liaison will review the contract or agreement, and provide comments to TTS on whether the proposed solution fits within the GSA IT standards and security model. Upon resolution, TTS will route the document for review and approval by the GSA CIO.

If the external contract or agreement does not involve a GSA-owned platform and/or GSA does not own the ATO, no approval from GSA IT is required.

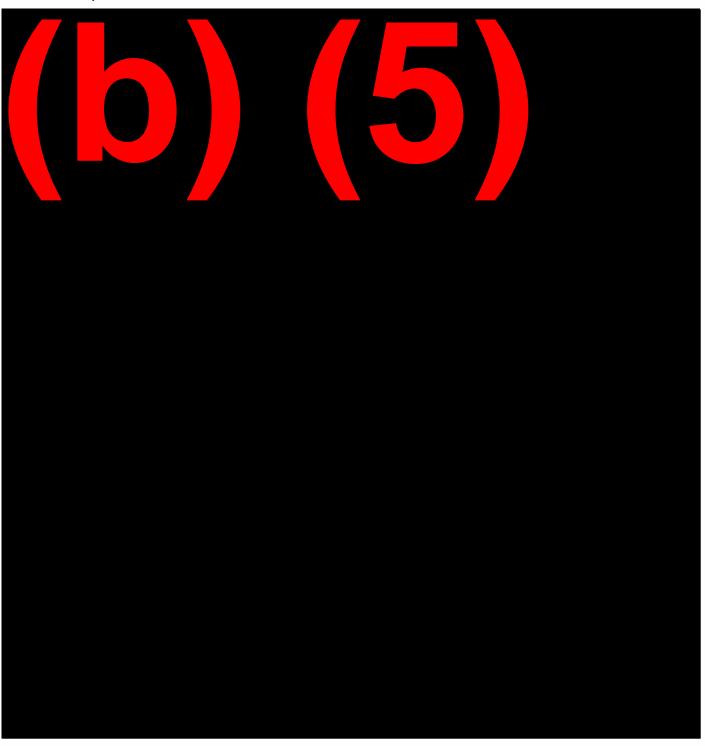
3.0 Applicability

This policy applies to all TTS Offices unless otherwise amended or revoked.



Office of General Counsel

March 20, 2017



GSA/OGC Attorney Client Privilege Attorney Work Product Page 1 of 2 (b) (5)



Committee on Transportation and Infrastructure U.S. House of Representatives

Vill Shuster Chairman Washington, **DC** 20515

Peter A. BeFazio Kanking Member

Mathew M. Sturges, Staff Director

March 7, 2017

Katherine W. Dedrick, Democratic Staff Director

The Honorable Carol F. Ochoa Inspector General U.S. General Services Administration 1800 F Street, NW Room 5340 Washington, DC 20405

Dear Inspector General Ochoa:

We write to express our serious concerns regarding how the General Services Administration (GSA) is addressing the management and administration of the Old Post Office (OPO) lease agreement with the Trump Old Post Office LLC in light of the election and inauguration of Mr. Donald J. Trump as President of the United States.

President Trump and his family personally benefit from the lease agreement. For the past three months, we have asked GSA to resolve President Donald Trump's apparent breach of the OPO lease agreement and the significant conflicts of interest associated with the agreement given—President Trump's election. GSA has not addressed these breach and conflict-of-interest issues and has been unwilling to respond substantively to our requests for information regarding the lease agreement. Given GSA's unwillingness to provide answers to basic questions, we are increasingly concerned that the agency is not properly carrying out its mission.

We strongly urge you to investigate and report on GSA's management and administration of the OPO lease agreement since President Trump's election, including identifying any breach of the lease agreement or associated conflicts of interest, and describing the actions that the Administrator must take to eliminate any breach of the lease, conflict of interest, or appearance of a conflict of interest.

On January 20, 2017, President Trump assumed the unprecedented position as both landlord and tenant of the OPO lease agreement for the Trump International Hotel in Washington, DC. Under the lease agreement, President Trump and three of his adult children, Ivanka Trump, Donald Trump Jr., and Eric Trump, control the management and maintenance of the property and hold a significant financial interest in the Trump International Hotel in Washington, DC. For the first time in U.S. history, a sitting President operates and profits from a private business in a taxpayer-owned Federal building.

The Honorable Carol F. Ochoa March 7, 2017 Page 2

President Trump will soon appoint the Administrator of General Services, who serves at the pleasure of the President. The Administrator is responsible for administering and managing a lease where the President is the lessee and is its primary financial beneficiary. Further complicating this matter is that President Trump named his three adult children, Ivanka Trump, Donald Trump Jr., and Eric Trump to the Presidential Transition Team Executive Committee and they had the opportunity to engage in the process for selecting the Acting Administrator of General Services as well as a permanent Administrator. Within hours of the inauguration, the President replaced the initial Acting Administrator of GSA with a new Acting Administrator.

Regardless of the application of any criminal statute, this situation adds to the irreconcilable conflicts of interest of the lease agreement with the Trump Old Post Office LLC. Several lease terms require the Administrator to exercise judgement in both the execution of the lease and the use of remedies to cure any violations of the lease agreement. Because the President controls the Administrator exercising judgement on these terms, and because his daughter and son-in-law wield historically outsized power in his administration, the potential conflicts of interest are exacerbated.

The lease agreement explicitly prohibits any elected official of the U.S. Government from serving as a lessee or from obtaining any benefit that may arise from the lease. Section 37.19 of the lease states:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom;¹

Mr. Trump became "an elected official of the Government of the United States" when he became President on January 20, 2017. Moreover, he is the primary beneficiary of the lease. Although it appears President Trump may have recently transferred his ownership interest to a revocable trust, the "purpose of the trust is to hold assets for the exclusive benefit of Donald J. Trump" and he may revoke the trust at any time.² As a result, he continues to derive a financial benefit from the lease, thereby violating its specific terms.

In addition, the subjective terms of this approximately 200-page lease agreement are numerous and significant and include determining the standard to which the hotel is maintained, how much is spent on maintenance and repair of this historic building, the businesses that are allowed to operate in the hotel, and remedies for any dispute that arises from the management of the Trump International Hotel, Washington, DC.

The GSA Administrator is fully empowered to change the financial terms of the lease including the base rent, the percentage of profits paid to the Federal Government, and the rate of return allowed in the event of a sale. Moreover, the Administrator can make significant changes to

¹ General Services Administration, Ground Lease, By and Between The United States of America (as "Landlord") and Trump Old Post Office, LLC (as "Tenant") (GS-LS-11-1307) (Aug. 5, 2013) (online at www.gsa.gov/portal/content/305477) (emphasis added).

² Letter from Stephen J. O'Brien, Law Offices of Mallios & O'Brien, to Members of the District of Columbia Alcoholic Beverage Control Board (January 27, 2017).

The Honorable Carol F. Ochoa March 7, 2017 Page 3

the terms of the lease without any Congressional oversight or public scrutiny. To date, GSA has already executed five amendments to the lease since 2013.

Because President Trump failed to transfer or eliminate his controlling interest in the property prior to his inauguration, he is now able to negotiate new and favorable financial terms with the Administrator he appoints. Left unchecked, this arrangement is fraught with the possibility that President Trump and his children will enrich themselves at taxpayers' expense. This is simply untenable.

Given the conflict-of-interest issues raised by President Trump's election, we have repeatedly asked GSA about the management and administration of this lease. On each occasion, GSA's response has been wholly inadequate.

On December 14, 2016, we requested that GSA provide a list of unleased space within the hotel, unredacted lease documents, monthly reports submitted to the agency, and any legal memoranda regarding potential conflicts of interest. GSA provided <u>no</u> response.

On January 23, 2017, we requested information regarding the steps that GSA has taken or plans to take to address President Trump's apparent breach of the lease agreement; monthly reports submitted to the agency; the steps that GSA has taken or plans to take to address liens against the Trump International Hotel; and any correspondence related to the aforementioned items. GSA provided <u>no</u> substantive response.

Given GSA's repeated refusal to respond to our requests to provide documents and substantive answers on this matter, we are increasingly concerned that the agency is not properly carrying out its mission. We request that you review the management and administration of the OPO lease agreement since President Trump's election, including identifying any breach of the lease agreement or associated conflicts of interest, and describing the actions that the Administrator must take to eliminate any breach of the lease, potential conflict of interest, or appearance of conflict of interest. In this review, we ask that you specifically assess the following:

- 1. Has GSA fully and appropriately evaluated the apparent violation of section 37.19 of the lease agreement? Is GSA's conclusion consistent with Federal contracting rules prohibiting conflicts of interest?
- 2. Has GSA calculated the cost to terminate the lease agreement with the Trump Old Post Office LLC? If so, how much is that cost?
- 3. What remedies is GSA seeking to cure the breach of this lease term? Has the Administrator considered terminating the lease and transferring it to a different hotelier as a remedy to eliminate any conflict of interest or appearance of a conflict of interest? If not, why not?
- 4. To date, GSA has executed five amendments to the original lease agreement. Did GSA receive fair value in exchange for making those changes to the lease agreement? Does GSA have procedures in place to ensure it always receives fair value in exchange for lease amendments?

- 5. Has GSA taken any action to shield the contracting officer and the Old Post Office Building project management team from undue influence?
- 6. How will GSA create a transparent process for administering and managing the lease?

Thank you for your attention to this matter.

Sincerely,

PETER DeFAZI

Ranking Member

HANK JOHNSON

Ranking Member

Subcommittee on Economic Development,

Public Buildings, and Emergency

Management

cc: Mr. Timothy Horne

Acting Administrator, U.S. General Services Administration



March 23, 2017

Via Overnight Delivery and Email

Trump Old Post Office LLC clo The Trump Old Post Office LLC clo The Trump Organization 725 Fifth Avenue, 25th Floor Mew York, New York 10022 Attn: Donald J. Trump, Jr.

Re: Response to letters dated February 17, 2017 and March 20, 2017

Dear Mr. Trump,

On February 17, 2017, Trump Old Post Office LLC ("Tenant") submitted a letter to my attention as the Contracting Officer of Lease Number GS-LS-116-1307 ("Lease" or "OPO Lease"), setting forth Tenant's position on how its organizational atructure complies with Section 37.19 of the Lease. See Exhibit 1.B. Tenant submitted a follow-up letter on March 20, 2017. See Exhibit 1.C.

To date, most of the review and reporting on Section 37.19 has focused on only a few select words, and reached simplistic "black and white" conclusions regarding the meaning and implications of the clause. However, it has been less widely reported that other legal professionals and former government contracting officials have reviewed the language and come to different conclusions. As you are well aware, the parties have devoted considerable time and effort to more fully understand one another's position. Our discussions have been consistent with the expressed policy of the Government to make reasonable efforts to attempt to resolve with the expressed policy of the Government to make reasonable efforts to attempt to resolve explaining Tenant's current organizational structure, your views on the Lease, and otherwise being accessible and responsive to our requests. In particular, I appreciate your willingness to enact additional changes to Tenant's internal operating agreement as discussed below in Section enact additional changes to Tenant's internal operating agreement as discussed below in Section

Based on my review of the Lease, discussions with Tenant, and documents submitted by Tenant, I have determined that Tenant is in full compliance with Section 37.19 and, accordingly, the Lease is valid and in full force and effect. In addition, as requested in your March 20 letter, and in furtherance of Section 17.1(a) of the Lease, I have executed an Estoppel Certificate, which is attached hereto as Exhibit 1.

See, e.g., Issac Amsdorf, Trump could keep D.C. hotel despite conflict of interest, Politico, at http://www.politico.com/story/2016/12/trump-could-keep-dc-hotel-despite-conflict-of-interest-232144 (Dec. 3, 2016).

I' BYCKCKONND

At the time the Lease was executed, the Old Post Office and Annex Building ("OPO") was a wasting asset. The building is arguably one of the most significant historic assets in the General Services Administration's ("GSA") portfolio of public buildings. Despite its importance, however, GSA was unable to make the capital investments in the building to preserve its historic integrity, let alone put it to its highest and best use. Under the Lease, in excess of \$200 million of private financing has been invested into the building, its historic integrity has been restored, and the wasting asset is now being put to productive use. See Exhibit 1.B.

Even prior to actually opening the hotel and generating any revenues, Tenant began making payments to GSA under the Lease in the amount of \$250,000 per month. By the time of the hotel's official opening, GSA and the taxpayers had already received approximately \$5.1 million. Thus, the Lease turned a building that had been costing taxpayers millions of dollars per year into a revenue-generating asset. See Exhibit 1.B.

A. MAJOR MILESTONES PRIOR TO THE NOVEMBER 2016 ELECTION

The Old Post Office Building Redevelopment Act of 2008 (P.L. 110-359) ("Act") directed the Administrator of General Services to provide for the redevelopment of the OPO. Accordingly, Administrator of General Services to provide for the redevelopment from the private sector. After reviewing and evaluating proposals, GSA announced the selection of Tenant as the preferred selected developer on February 7, 2012. GSA and Tenant then entered into discussions to negotiate the terms and conditions of the Lease. After concluding the negotiations, GSA submitted a report to Congress setting forth the material terms and conditions of the Lease. Following expiration of the Congressional review period established under the Act, the parties pollowing expiration of the Congressional review period established under the Act, the parties approximately 263 key hotel and include a Congress Bells Galley or museum, multiple restaurants, specialty retail spaces, a spa in the main OPO Building with a grand baltroom and meeting facilities planned for the adaptive re-use of the Annex.

On May 31, 2014, GSA delivered exclusive possession of the premises to Tenant, and on August 12, 2014, GSA issued a notice to proceed, which authorized Tenant to begin construction. See Exhibits 2 & 3. On September 12, 2016, GSA provided a temporary certificate of occupancy to allow Tenant to conduct a "soft opening." See Exhibit 4. The official opening date of the hotel occurred on October 26, 2016, and it has been in continuous operation since that date. See Exhibit 5.

B. COMMUNICATIONS BETWEEN GSA AND TENANT AFTER THE NOVEMBER 2016

On November 8, 2016, Donald J. Trump was elected President of the United States. On January 20, 2017, Mr. Trump was sworn into office as the 45th President. Almost immediately following the election, GSA began fielding questions about Section 37.19 of the Lease, which provides as follows:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.

In response, GSA publicly maintained in various statements that "no determination regarding the Old Post Office can be completed until the full circumstances surrounding the President-elect's business arrangements have been finalized and he has assumed office." To that end, on December 16, 2016, Tenant submitted a letter to GSA advising that:

Donald J. Trump...intends to assign all of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC...We anticipate the Transfer to be consummated no earlier than January J, 2017....The Trust is a...Trust for the primary benefit of Mr. Trump. An executed copy of the document consummating the Transfer will be provided to you after the Transfer has been consummated.

Exhibit 6. Thus, although Tenant provided an indication of its future intentions, Tenant's future business structure was not yet finalized.

Shortly thereafter, on December 29, 2016, Tenant submitted another letter advising GSA that

...the Ivanka Trump Revocable Trust...may transfer its interest in Ivanka OPO LCC to another trust (the "IT Transfer"). In the event it occurs, we anticipate the IT Transfer to be consummated before January 20, 2017....For your reference, attached hereto as $Exhibit \Delta$ is a true and correct Organizational Chart as of the date hereof, and attached hereto as $Exhibit \Delta$ is the Organizational Chart that will be true and correct following the consummation of both the IT Transfer (if it occurs) and the Transfer referenced in that certain notice letter sent by Tenant to Landlord on December 16, 2016.

Exhibit 7 (emphasis in original). Thus, much like the December 16 letter, the December 29 letter left Tenant's future business structure uncertain.

On January 10, 2017, GSA acknowledged receipt of the December 16 and December 29 letters and noted: "We look forward to receiving the final documents that explain the transfers and new organizational structure of Tenant. Please advise as to when we might expect to be in receipt of same...." Exhibit 8. The next day, on January 11, 2017, Tenant informed GSA by letter as follows:

In connection with my letter to you dated December 16, 2016, regarding the transfer by Donald J. Trump of his interest in Trump Old Post Office Member

Corp to DJT Holdings Managing Members LLC (the "Transfer"), as requested, attached hereto as Exhibit A is a copy of the current Organizational Chart, and attached hereto as Exhibit B is a copy of the Organizational Chart that will be current following consummation of such Transfer. As discussed, we anticipate the Transfer to be consummated on January 19, 2017, at which time we will send you a copy of the executed transfer document.

Exhibit 9 (emphasis in original).

On January 23, 2017, Tenant notified GSA by letter that, "The transfer by Donald J. Trump of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC was consummated on January 19, 2017." Exhibit 10. In response, GSA acknowledged receipt of the prior correspondence "regarding the various transfers of interest...and the new organizational structure" and requested a meeting "to discuss the provided information in more detail." Exhibit 11.

On January 31, 2017, representatives from GSA and Tenant met to discuss the various documents depicting Tenant's revised organizational structure. Later that same day, Tenant provided GSA with additional documents regarding Tenant, through its attorneys, made additional documents available to GSA representatives for review. On February 9, 2017, GSA received additional documents from Tenant. See Exhibit 13.

After reviewing the additional documentation, GSA issued a letter to Tenant dated February 10, 2017, seeking confirmation of GSA's understanding of Tenant's business structure and requesting that Tenant provide a formal written submission addressing how its organizational attructure complies with the Lease. See Exhibit 1.A. On February 15, 2017, GSA received additional documents from Tenant. See Exhibit 14. On February 17, 2017, Tenant provided its written submission and concluded by stating that "[t]o the extent that GSA has any remaining written submission and concluded by stating that "[t]o the extent that GSA has any remaining uniten submission and concluded by stating that "[t]o the extent that GSA has any remaining written submission and concluded by stating that "[t]o the extent that GSA has any remaining uniten submission and concluded by stating that "[t]o the extent that GSA has any remaining structure. See Exhibit and CSA's understanding of the business structure. See id.

On March 3, 2017, GSA issued a letter to Tenant requesting a meeting to discuss GSA's remaining concerns. See Exhibit 15. Representatives from GSA and Tenant met in person on March 7, 2017, and again on March 15, 2017. On March 20, 2917, Tenant provided a follow-up submission containing further analysis and information. See Exhibit 1.C.

C. TENANT'S CURRENT ORGANIZATIONAL STRUCTURE

Tenant:
Tenant confirmed that the following individuals and/or entities have an ownership interest in

- DJT Holdings LLC
- DJT Holdings Managing Member LLC

- Don OPO LLC
- Donald J. Trump Revocable Trust
- Donald J. Trump, Jr. Revocable Trust
- Eric OPO LLC
- Eric Trump Revocable Trust
- Ivanka OPO LLC
- Ivanka Trump Revocable Trust
- Trump Old Post Office LLC
- Trump Old Post Office Member Corp.

See Exhibit 1.B. Tenant further confirmed GSA's understanding of the various members in each of the entities is as more fully set forth below. See id.

The members of Trump Old Post Office LLC, a Delaware limited liability company, are as follows:

Trump Old Post Office Member Corp	Managing Member
Eric OPO LLC	Member
Don OPO LLC	устрег.
Ivanka OPO LLC	Метрег
DLL Holdings LLC	Member
Уатте	String

Non-Individual Direct and Indirect Members of Tenant:

The members of DJT Holdings LLC, a Delaware limited liability company, are as follows:

Donald J. Trump Revocable Trust	Member
DJT Holdings Managing Member LLC	Managing Member
Name	डामम् इ

The members of DIT Holdings Managing Member LLC, a Delaware limited liability company, are as follows:

Trump Revocable Trust	Sole Member
	Status

The members of Ivanka OPO LLC, a Delaware limited liability company, are as follows:

Ivanka Trump Revocable Trust Sole Memb	Sole Member
Subst2 SmeM	sutat2

The members of Don OPO LLC, a Delaware limited liability company, are as follows:

Sole Member	Donald J. Trump, Jr. Trump Revocable Trust
Status	Name

The members of Eric OPO LLC, a Delaware limited liability company, are as follows:

Sole Member	Eric F. Trump Revocable Trust
Stratig	Матте

The members of Trump Old Post Office Member Corp., a Delaware corporation, are as follows:

Метрет	Eric OPO LLC
Member	Don OPO LLC
Member	Ivanka OPO LLC
Метрет	DJT Holdings Managing Member LLC
Status	Name

In accordance with the operating agreements of the limited liability companies listed above, profits, losses, and other cash distributions are allocated among the members in accordance with their respective percentage interests in the entity. See Exhibits 1.A-C & 13. In addition, the limited liability companies listed above maintain capital accounts for each of the members. See id. As noted in Section II below, Tenant has revised its internal operating agreement to prevent certain distributions to DJT Holdings LLC and the accumulation of funds in the capital account for DJT Holdings LLC. See Exhibit 1.C.

The Officers, Directors, and Managers

President Trump is not an officer, director, manager, employee, or other official in any of the entities listed above. See Exhibits 1.A &12. Moreover, President Trump resigned from each and every office and position held in any of the entities listed above. See id.

The Donald J. Trump Revocable Irust

The property of the Donald J. Trump Revocable Trust ("Trust") includes a membership interest in DJT Holdings Managing Member LLC. In turn, DJT Holdings Managing Member LLC and DJT Holdings Managing Member Corp., which holds an interest in Tenant. Purther, DJT Holdings LLC holds a membership interest in Tenant. Further, DJT Holdings LLC holds a membership interest in Tenant. Further, DJT Holdings LLC holds a membership interest in Tenant. As noted above, profits, losses, and other cash distributions are allocated among the members of the various limited liability companies in accordance with their respective percentage interests in the entity.

Donald J. Trump, Jr. is the Trustee of the Trust, Allen Weisselberg is the Business Trustee of the Trust, and Eric F. Trump is the Chairman of the Advisory Board of the Trust. See Exhibits J.A-

² These various holding companies hold interests in hundreds of companies and not solely Trump Old Post Office LLC. See Exhibit 1.B.

C & 14. One of the responsibilities of the trustees of the Trust is to hold and administer the trust property. See id. In this regard, the Trust includes specific instructions to the Trustees regarding payment of income and principal to President Trump. See id. As set forth in the Certification of Trustees, "[t]he Trustees shall distribute net income or principal to Donald J. Trump at his request, as the Trustees deem necessary for his maintenance, support or uninsured medical expenses, or as the Trustees otherwise deem appropriate." See Exhibit 14. Despite this seemingly broad language, as noted in Section II below, Tenant has revised its internal operating agreement to prevent "distributions to DJT Holdings LLC [] or to any other entity in which resident Trump has a direct, indirect or beneficial interest." See Exhibit I.C.

II. FURTHER INSTITUTIONAL MEASURES INSTITUTED BY TENANT

As discussed in its letter dated March 20, 2017, Tenant has executed an amendment to its internal operating agreement to primarily address three important issues. See Exhibit 1.C. First, during the duration of President Trump's term in office, "Tenant will not make any distributions to DJT Holdings LLC [] or to any other entity in which President Trump has a direct, indirect or beneficial interest." Id. As noted above in Section I.C, DJT Holdings LLC has a membership interest in Tenant and, further, the Donald J. Trump Revocable Trust has a membership interest in DJT Holdings LLC. The changes in the operating agreement effectively prohibit distributions from DJT Holdings LLC to the Donald J. Trump Revocable Trust. In other words, during his term in office, the President will not receive any distributions from the Trust that would have been generated from the hotel.

Second, as further explained by Tenant, amounts that would have been distributed to DJT Holdings LLC will instead be credited to the unrecovered capital contribution account of DJT Holdings LLC and "treated as capital contributions to Tenant." Id. In plain terms, what this means is that the funds will remain in Trump Old Post Office LLC instead of being distributed to DJT Holdings LLC. In addition, "DJT Holdings LLC will not earn any return on such amounts."

Third, regarding the capital contributions, "Tenant may only use the funds for business activities and purposes...." Id. Again, in simple terms, what this accomplishes is that the funds generated by the hotel will not flow to the President through DIT Holdings LLC. Rather, the funds will be "used to support and enhance the business of Tenant [and] operation of the hotel." Id.

Mr. Donald J. Trump, Jr. March 23, 2017 Page 8 of 8

III. CONCLUSION

Based on my review of the Lease, discussions with Tenant, and documents submitted by Tenant, I have determined that Tenant is in full compliance with Section 37.19 and, accordingly, the Lease is valid and in full force and effect.



cc: Eric F. Trump (via email)
Alan Garten, Esq. (via email)
Sheri Dillon, Esq. (via email)



Exhibit 1

Letter from Kevin Terry
to

Donald J. Trump, Jr.
dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

#3 #.

V.



LANDLORD'S ESTOPPEL CERTIFICATE

PROPERTY:

The parcels of land owned by Landlord, located in the District of
Columbia, at 1100 Pennsylvania Avenue, N.W., as more fully described in
the Lease

LEASE: Ground Lease, dated as of August 5, 2013, by and between Landlord and Tenant (as amended, the "Lease")

LANDLORD:
United States of America, acting by and through the Administrator of General Services (together with its permitted successors under the Lease,

("Landlord")

TENANT: Trump Old Post Office LLC, a Delaware limited liability company (together with its permitted successors under the Lease, "Tenant")

The purpose of this certificate is to confirm the current status of matters relating to Section 37.19 of the Lease.

- 1. Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.
- 2. A true, complete, and correct copy of Landlord's letter dated February 10, 2017, is attached hereto as Exhibit A;
- 3. A true, complete, and correct copy of Tenant's letter dated February 17, 2017, is attached hereto as Exhibit B;
- 4. A true, complete, and correct copy of Tenant's letter dated March 20, 2017, is attached hereto as Exhibit C;
- 5. This Estoppel Certificate is included as Exhibit 1 to Landlord's letter dated March 23, 2017;
- 6. With respect to Section 37.19 of the Lesse, Landlord hereby finds that Tenant is in full compliance with Section 37.19 and, accordingly, the Lesse is valid and in full force and effect as of the date hereof. Further, the Lesse will not cesse to be in full force and effect in the future solely because the parties agree to modify or amend the Lesse in the normal course of business. See, e.g., Lesse at Section 37.5 ("This Lesse may be modified only by an agreement in writing signed by each of the parties.")

- 7. Landlord acknowledges that this Estoppel Certificate and the statements therein may be conclusively relied upon by Tenant.
- 8. The person executing this Estoppel Certificate on behalf of Landlord has the full right, power and authority to execute and deliver this Estoppel Certificate as Landlord's act and deed and to bind Landlord hereto.
- 9. This Estoppel Certificate is null and void if Tenant changes the modifications to the operating agreement (as set forth in Tenant's letter dated March 20, 2017) without the written approval of Landlord.

Date: March 23, 2017

UNITED STATES OF AMERICA, acting by and through the Administrator of General Services

By:

Cenior Realty Contracting Officer

Senior Realty Contracting Officer

U.S. General Services Administration

U.S. General Services Administration

-END-



A.1 Jididx J.A.

Letter from Kevin Terry to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

		•	



February 10, 2017

Via E-Mail and Overnight Delivery

Trump Old Post Office LLC c/o The Trump Organization 725 Fifth Avenue, 25th Floor New York 10022 Attn: Donald J. Trump, Jr.

Re: Ground Lease, dated as of August 5, 2013, by and between the United States of America, acting by and through the Administrator of General Services, and Trump Old Post Office LLC (as amended, the "Lease")

Dear Mr. Trump:

As you are aware, Section 37.19 of the Lease provides, in full, as follows:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity.

Questions regarding the applicability of the above-quoted section of the Lease to Donald J. Trump and Trump Old Post Office LLC ("Tenant") have been, and continue to be, raised. GSA previously issued a public statement on the matter providing that "no determination regarding the previously issued a public statement on the matter providing that "no determination regarding the previously issued a public statement on the matter providing that "no determination regarding the blue previously issued as public statement of the president-elect's business arrangements have been finalized and he has assumed office."

On January 20, 2017, Mr. Trump was sworm into office as the 45^{th} President of the United States. GSA has continued to publicly state that no determination has yet been made with respect to Section 37.19 of the Lease as it pertains to Tenant and President Trump, and that the agency is committed to making a determination regarding the matter as expeditiously as possible after obtaining a full and complete understanding of Tenant's current organizational structure, including the interests of President Trump. To that end, I thank you and your organization for meeting with us to more fully explain Tenant's current organizational structure, and otherwise being accessible and responsive to our requests for access to documents demonstrating Tenant's current structure. GSA appreciates your cooperation in this matter.

vog.szg.www

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

301 7th Street SW
Washington, DC 20407-0001

The purpose of this letter is to summarize GSA's understanding of Tenant's current organizational structure based on our recent meetings and review of documents, and to request a written submission from Tenant setting forth your position regarding your current compliance with the Lease, specifically Section 37.19.

For purposes of convenience, our current understanding of Tenant's organization structure is set forth below.

The Ownership Interests in Trump Old Post Office LLC

GSA understands that the following individuals and/or entities have an ownership interest in Trump Old Post Office LLC:

- DJJ sgnibloH Ttd
- DJT Holdings Managing Member LLC
- Don OPO LLC
- Donald J. Trump Revocable Trust
- Donald J. Trump, Jr. Revocable Trust
- Eric OPO LLC
- Eric Trump Revocable Trust
- Ivanka OPO LLC3
- Ivanka OPO Hotel Manager LLC
- To the Comment of the
- Ivanka Trump Revocable Trust
 Trump Old Post Office LLC
- Trump Old Post Office Member Corp.
- OPO Hotel Manager LLC⁴
- OPO Hotel Manager Member Corp.⁵

As part of your response to this letter, we request that you confirm GSA's understanding that neither President Trump nor The Donald J. Trump Revocable Trust, or Donald J. Trump, Jr. Revocable Trust.

GSA understands that Ivanka Trump's husband, Jared Kushner, has accepted a position with the current Administration. It is our further understanding that Mr. Kushner has, or will, file necessary confidential financial disclosure forms which, among other things, will include among his listed assets Ivanka Trump's interests in and flowing from Tenant. It is our further understanding that Mr. Kushner has, or will, recuse himself from participating in, among other things, any matters related to the Lease. Please confirm these understandings in your response to this letter.

⁴ The OPO Hotel Manager LLC serves as the Operator, which is defined in the Lease to mean "the operator and manager of the operations of the Hotel." Lease, Article I. Please confirm GSA's understanding, as part of your response to this letter, that the OPO Hotel Manager LLC does not hold any ownership interest in Tenant.

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We further understand that the ownership interest is as set forth in the following charts:

The members of Trump Old Post Office LLC, a Delaware limited liability company, are as follows:

Managing Member	Trump Old Post Office Member Corp
Member	Eric OPO LLC
Member	Don OPO LLC
Member.	Ivanka OPO LLC
Member	DJT Holdings LLC
Status	<u> Мате</u>

Non-Individual Direct and Indirect Members of Tenant:

The members of DJT Holdings LLC, a Delaware limited liability company, are as follows:

Member	Donald J. Trump Revocable Trust
Managing Member	DT Holdings Managing Member LLC
Status	Name

The members of DJT Holdings Managing Member LLC, a Delaware limited liability company, are as follows:

Sole Member	Donald J. Trump Revocable Trust
<u>Status</u>	<u> Мапле</u>

The members of Ivanka OPO LLC, a Delaware limited liability company, are as follows:

Sole Member	Ivanka Trump Revocable Trust
Status	Name

The members of Don OPO LLC, a Delaware limited liability company, are as follows:

Sole Member	Donald J. Trump, Jr. Trump Revocable Trust
<u>status</u>	Name

The members of Eric OPO LLC, a Delaware limited liability company, are as follows:

Sole Member	Eric F. Trump Revocable Trust
<u>Status</u>	<u>Name</u>

The members of Trump Old Post Office Member Corp., a Delaware corporation, are as follows:

Member.	Eric OPO LLC
Member	Don OPO LLC
Member	lvanka OPO LLC
Member	DJT Holdings Managing Member LLC
Status	Name

OPO Hotel Manager LLC, a Delaware limited liability company, is the Operator, and its members are as follows:

Managing Member	OPO Hotel Manager Member Corp
Метрег	Eric OPO Hotel Manager LLC
Метрет	Don OPO Hotel Manager LLC
Member	Ivanka OPO Hotel Manager LLC
Member	DJT Holdings LLC
Status	Лате

Non-Individual Direct and Indirect Members of OPO Hotel Manager LLC:

The members of OPO Hotel Manager Member Corp, a Delaware corporation, are as follows:

Member	Eric OPO LLC
Memper.	Don OPO LLC
Member	Ivanka OPO LLC
Member	DJT Holdings Managing Member LLC
Status	Name

GSA understands that in accordance with the operating agreements of the limited liability companies listed above, profits, losses, and other cash distributions are allocated among the members in accordance with their respective percentage interests in the entity. GSA further understands that the limited liability companies listed above maintain capital accounts for each of the members.

The Officers Directors on Manager

The Officers, Directors, and Managers

We understand that President Trump is not an officer, director, manager, employee, or other official in any of the entities listed in Section I above. We further understand that President Trump resigned from each and every office and position held in any of the entities listed in Section I above.

The Donald J. Trump Revocable Trust

We understand that the property of the Donald J. Trump Revocable Trust ("Trust") includes in DJT Holdings LLC and DJT Holdings Managing Member LLC. We further

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understand that the Trust has a membership interest in DJT Holdings LLC and DJT Holdings Managing Member LLC holds an interest in Trump Old Post Office Member Corp., which holds an interest in Tenant. Further, DJT Holdings LLC holds a membership interest in Tenant. As noted in Section I, profits, losses, and other cash distributions are allocated among the members of the various limited liability companies in accordance with their respective percentage interests in the entity.

We understand that Donald J. Trump, Jr. is the Trustee of the Trust, that Allen Weisselberg is the Business Trustee of the Trust, and that Eric F. Trump is the Chairman of the Advisory Board of the Trust. We understand that one of the responsibilities of the trustees of the Trust is to hold and administer the trust property. In this regard, we further understand that the Trustees shall distribute net income or principal to President Trump at his request, as the Trustees deem necessary for his maintenance, support or uninsured medical expenses, or as the Trustees otherwise deem appropriate.

Confirmation of Understandings and Request for Written Statement

Thank you again for your cooperation and access to documents that has enabled us to better understand Tenant's current organizational structure and develop the understandings set forth above.

Please provide a written statement to my attention on behalf of Tenant, no later than Friday, February 17, 2017, to address the following: (1) confirmation of GSA's understandings of Tenant's business structure as set forth above or, if applicable, any corrections thereto; and (2) Tenant's detailed position and analysis regarding its business structure and how Tenant is in full and complete compliance with the Lease, specifically Section 37.19. As part of the submission, please provide any and all documentation, not otherwise reflected in the understandings set forth above, reasonably necessary to support your position. To the extent Tenant is of the opinion that any such documentation should be protected from disclosure, please include an appropriate notation on the face of each document.

Please feel free to call me at (202) 708-4600 with any questions.

Sincerely, Kevin Terry Kevin Terry Kevin M. Terry Contracting Officer

cc: Eric Trump (via email)
Alan Garten, Esq. (via email)
Sheri Dillon, Esq. (via email)

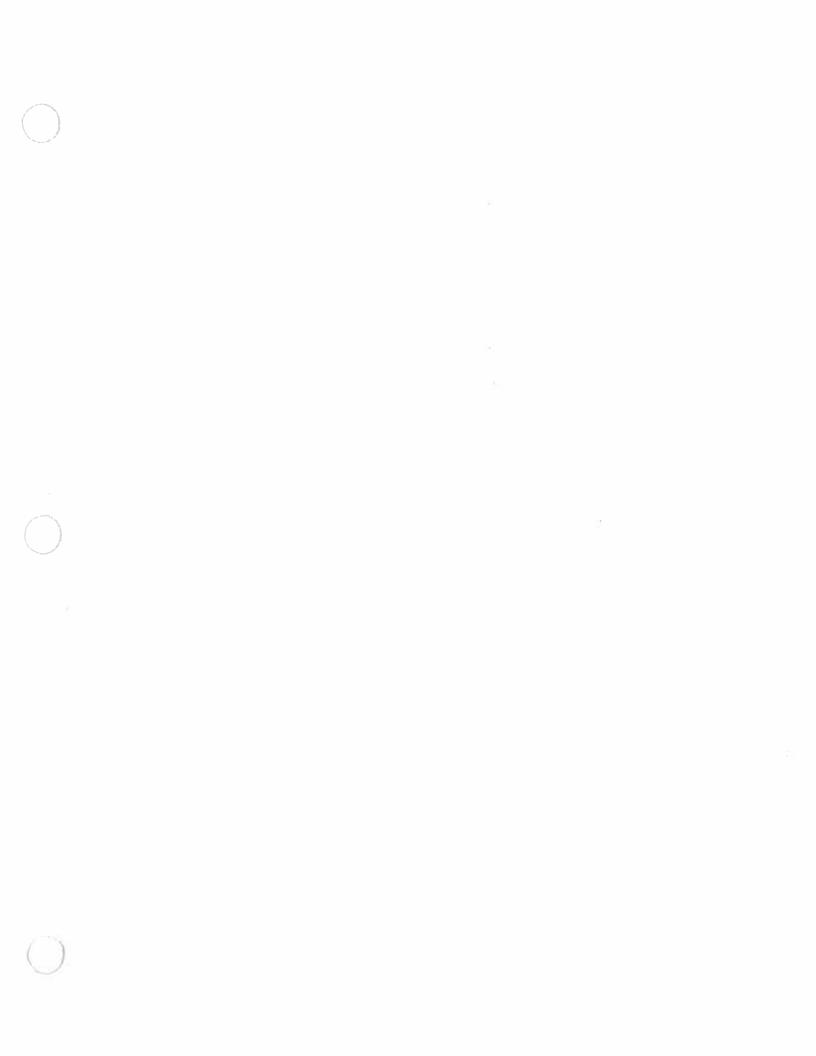




Exhibit 1.B

Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)



Morgan Lewis

Sheri A. Dillon Partner
Partner
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February 17, 2017

VIA EMAIL

Mr. Kevin Terry U.S. General Services Administration 301 7th Street SW Washington, DC 20407-0001

Re: Response to letter dated February 10, 2017

Dear Mr. Terry:

As you know, we are counsel to Trump Old Post Office LLC ("Tenant") with respect to its August 5, 2013 ground lease (the "Lease") with the United States of America ("Landlord") for the property located at 1100 Pennsylvania Avenue NW, Washington, D.C., and more commonly known as the Old Post Office Building (the "OPO"). We are in receipt of your February 10, 2017 letter requesting that Tenant (i) confirm General Service Administration's ("GSA's") understanding of Tenant's business structure and (ii) provide support for its position that Tenant is in full compliance with Section 37.19 of the Lease.

To put this Lesse in context, as an initial matter, we feel compelled to observe that, by any measure, the redevelopment of the OPO is an example of a great public-private partnership success. First and foremost, the project achieved the objectives spelled out by sector to redevelop the OPO in a way that would be "most lucrative for the federal government while maintaining the historic nature of the building." Fulfilling that objective, the terms of the Lesse agreed to by Tenant were superior to the terms offered by others in a spirited and transparent competitive bidding process; the project was completed on time and, as expected, is producing a significant financial return to the government workers being employed to design and construct the project, more than 300 people workers being employed at the Trump International Hotel ("Hotel") and an additional 100 currently being employed at the Trump International Hotel ("Hotel") and an additional 100

¹ See GSA Seeks to Redevelop D.C.'s Old Post Office, Effort will preserve historic landmark and add vitality to Pennsylvania Avenue, March 24, 2011 available at https://www.gsa.gov/portal/content/246901.

workers being employed by on-site third-party vendors. In short, we believe that the project has exceeded all expectations.

All of the above occurred before Donald J. Trump became President and the essential negotiations and project design were complete before he even announced that he would be a candidate for the Presidency. It is abundantly clear that the President's current position had no influence on GSA's selection of Tenant as the preferred developer of the OPO or the negotiation of the Lease.

Nevertheless, over the past several months, some have questioned whether Mr. Trump's assumption of the Office of President has caused Tenant to violate the "Interested Parties" clause contained in Section 37.19 of the Lease. Based on the application of well-settled principles of contract interpretation and our review of the plain language of the Lease itself, we believe there to be no merit to these claims. Our analysis of Section 37.19 is set forth herein, together with our confirmation and clarification of GSA's understandings of Tenant's business structure. Before addressing those matters, however, we would like to provide an overview of the background facts and how Tenant came to be admitted to the Lease.

I. Background Facts

A. History of the Old Post Office Building

Designed by Willoughby J. Edbrooke between 1891 and 1893, and completed in 1899, the OPO originally housed both the U.S. Post Office Department and the Washington City Post Office.² It was used as the city's main post office until circa 1914. After that, it was used by the federal government to house more than fifteen different disrepair, and it was nearly torn down. However, through preservation efforts, the OPO disrepair, and it was nearly torn down. However, through preservation efforts, the OPO instead achieved National Historic Landmark Status in 1973. Subsequently, Congress instead achieved National Historic Landmark Status in 1973. Subsequently, Congress federally owned space. Thereafter, GSA entered into a lease with a private company that ultimately did not prove to be successful. In December 2000, GSA submitted to Congress a plan for redevelopment of the OPO; and, in 2004, GSA issued a Request for Expressions of Interest to redevelop the site, a process that was never successfully completed. Finally, in 2008, Congress passed the Old Post Office Building Redevelopment Act, Pub. L. No. 110-359, requiring GSA to proceed with the redevelopment of the OPO.

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² For further information regarding the OPO's history, see Request for Proposals, Redevelopment of Old Post Office, Washington, D.C., March 24, 2011, U.S. General Services Administration, Public Buildings Service, National Capital Region (the "RFP") available at https://www.fbo.gov/?s=opportunity&mode=form&id=984471c0564e5dcda6f63dd4d99ca3b6&tab=core&_c

B. GSA's Request for Proposals

In March 2011, GSA issued a 130-page RFP seeking a developer to restore, rehabilitate, preserve, manage and operate the OPO. The RFP did not mandate any particular use and noted that "GSA will rely on market-analysis based responses to its solicitation to help determine the highest and best use." The RFP asked offerors to submit their best financial offer in a comprehensive and detailed proposal.

In the end, 10 developers, including Tenant, chose to submit bids to GSA, though the identities of the bidders were not disclosed. All bids were due on July 20, 2011. On February 7, 2012, Tenant was selected as the preferred developer of the project. GSA selected Tenant's offer over the other bids because, as GSA explained, "[a]]ter closely evaluating the submissions, GSA determined the Trump Organization proposal evaluating the strongest development team, best long term potential for the local community, and most consistent stream of revenue for the Federal Government."

Upon announcing its selection, GSA reiterated that it was committed "to effectively and efficiently managing the Federal real estate footprint to achieve the best value for America's taxpayers and communities According to GSA Public Buildings Service Commissioner Robert Peck, "[d]eciding to move forward with redeveloping this iconic property will save millions in taxpayer dollars. The tremendous response from the private sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that will provide a positive economic return for the sector allowed us to select a proposal that we have a provided as positive for the provided and the selection of the

On April 16, 2012, BP-Metropolitan Investors, LLC ("BPM") submitted a protest to GSA alleging that GSA unlawfully selected Tenant as the preferred developer of the OPO and that BPM should be given the opportunity to make its offer better. In denying BPM's request, GSA defended its decision and stated: "BPM's misunderstanding of the selection process reflects an erroneous business strategy for responding to the RFP.... [O] ther offerors, including Trump, recognized the importance of submitting their 'best' financial offer....⁸

⁸ See GSA Letter to Cary Euwer re Agency Level Protest of BPM, Redevelopment of the Old Post Office (May 9, 2012), https://assets.documentcloud.org/documents/2813391/Letter-to-BPM-Citing-Moore.pdf.

³ RFP at 3.

⁴ RFP at 13.

⁵ See GSA Selects the Trump Organization as Preferred Developer for DC's Old Post Office, Action leverages nearly \$200 million in private sector funds to restore and reuse a National Historic Landmark (Feb. 7, 2012), https://www.gsa.gov/portal/content/123671.

⁶ See id

⁷ Id.

Mr. Kevin Terry February 17, 2017 Page 4

GSA and Tenant then spent the next year and a half negotiating a detailed agreement for the building's redevelopment – specifying building usage, historic preservation requirements and details of the Federal Government's revenue stream.

C. GSA and Tenant Execute the Ground Lease

On June 5, 2013, GSA amounced it had completed negotiations on a 60-year ground lease with Tenant. Under the agreement, "\$200 million of private sector funds will be invested to restore the 114 year old federal building and convert it into a luxury mixed-use development -- Trump International Hotel, The Old Post Office, Washington D.C. -- that will serve the local community, preserve the facility, and save taxpayer dollars. The pending agreement now moves to Congress for a review period of 30 in-session days." GSA further explained that it selected The Trump Organization ("TTO") as the preferred developer "after an open and robust competitive process. TTO's offer was deemed the most compelling, and it included the strongest development team, provided long term benefits to the local community, and offered the best overall proposal to the federal government."

At the unveiling for the designs of the OPO on September 9, 2013, Dorothy Robyn, GSA's Public Building Service Commissioner, remarked that "[t]oday, great stewardship means partnering with the private sector for a second renaissance of the Old Post Office. In the Trump Organization, we have found a partner who understands both the privileges and responsibilities of our historic assets—and who understands that historic preservation is good business. American taxpayers will see the savings directly, and they will be able to enjoy the restoration of a unique historical asset." ¹¹

D. Trump International Hotel Washington, D.C. Opens

On July 23, 2014, Tenant broke ground on the redevelopment of the OPO. And, in September 2016, Tenant opened the Hotel – two years ahead of schedule. Brought about in order to spur growth in downtown Washington D.C., the Hotel is a significant part of the revival of the Pennsylvania Avenue development corridor. When the OPO was owned and operated by the United States government, it cost taxpayers over \$6 million per year. \$12 Now, the property generates over \$3 million in ground lease rent payments, in addition to Now, the property generates over \$3 million in ground lease tent payments, in addition to

http://archives.republicans.transportation.house.gov/Media/file/112th/EDPBEM/ED%20Briefing%20Memo %20%202-9-12.pdf.

⁹ See GSA and Trump Organization Reach Deal on Old Post Office Lease, \$200 million deal to preserve historic landmark now goes to Congress (June 5, 2013), https://www.gsa.gov/portal/content/172962.

¹¹ See Dorothy Robyn, GSA Completes Deal on Old Post Office, GSABLOG (Sept. 11, 2013), https://gsablogs.gsa.gov/gsablog/2013/09/11/gsa-completes-deal-on-old-post-office/.

12 See Briefing Memorandum from U.S. House of Representatives Committee on Transportation and Infrastructure to Members of the Subcommittee on Economic Development, Public Buildings and Infrastructure to Management (Feb. 6, 2012),

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significant ancillary tax revenue and hundreds of permanent jobs. During the peak of the development period, there were 429 workers on site. Today, the Hotel directly employs over 300 workers and an additional 100 workers by means of on-site third-party vendors.

E. Donald J. Trump is Elected President and Relinquishes Management of Tenant

On November 8, 2016, Donald J. Trump was elected President of the United States. Immediately following his election, Mr. Trump undertook steps to separate himself from all positions of leadership and management of TTO. Among other steps taken, Mr. Trump conveyed all of his business and investment assets to The Donald J. Trump Revocable Trust, dated April 7, 2014, as amended (the "Trust") and resigned from all positions of authority with TTO and its affiliated companies, including Tenant. In his place, Mr. Trump appointed Allen Weisselberg and Donald J. Trump, Jr. as Trustees of the Trust, and Trump as the Chairman of the Advisory Board of the Trust. Today, the Trustees are responsible for managing and administering the Trust's assets, including Tenant, and the Trust precludes the Trustees from providing any reports or information to Mr. Trump regarding the holdings or sources of income of the Trust.

Tenant is In Full Compliance with Section 37.19 of the Lease

Section 37.19 of the Lease provides:

No member or delegate to Congress, or elected official of the Government of the United States or the Government of the District of Columbia, shall be admitted to any share or part of this Lease, or to any benefit that may arise therefrom; provided, however, that this provision shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity. (Emphasis added.)

A. Section 37.19 Does Not Apply to Elected Officials Who Were Previously Admitted to the Lease

The interpretation of a government contract begins with the plain language of the contract. See Bell/Heery v. United States, 739 F.3d 1324, 1331 (Fed. Cir. 2014). This holds true for government leases as well as other agreements. 14 See California Oregon Broadcasting v. United States, 74 Fed. Cl. 394, 399 (2006). 15

¹³ See also Coast Fed. Bank, FSB v. United States, 323 F.3d 1035, 1038 (Fed. Cir. 2003); Gould, Inc. v. United States, 935 F.2d 1271, 1274 (Fed. Cir. 1991); Anchor Sav. Bank FSB v. United States, 121 Fed. Cl. 296, 310 (2015).

L⁴ Even the fact that parties may disagree about the meaning of contract language does not preclude a finding that the language is clear. See Cmb. Plumbing & Heating Co. v. Kelso, 987 F.2d 1575, 1579 (Fed. Cir.

Mr. Kevin Terry February 17, 2017 Page 6

By its express terms, Section 37.19 is prospective as it proscribes a future (post-Lease execution) event. The specific event that it proscribes is admitting an elected official to "any share or part of th[e] Lease, or to any benefit that may arise therefrom."

The plain dictionary definition of "admit" is "to allow entry"; "to give entrance or access." Merviam Webster's Collegiate Dictionary 15 (10th ed. 1993). ¹⁶ Admit, as used in Section 37.19, refers to a singular transaction or act. Shall is prospective: It is "used to express what is inevitable or what seems likely to happen in the future" or "used to express simple futurity." Id. at 1076 (emphasis added). ¹⁷ Thus, Section 37.19 does not prohibit an elected official from sharing or benefitting from the Lease. It prohibits an elected official from being admitted to a share or benefit of the Lease (with certain exceptions discussed below).

As is clear from the factual background set forth above, the act of admitting Tenant, and thus as an indirect beneficial owner of Tenant, ¹⁸ Mr. Trump, to a share or a benefit of the Lease occurred when the Lease was executed, long before he became an elected official. Any interpretation of Section 37.19 that precludes a lessee or owner of a lessee, previously admitted to a share or a benefit of the Lease, from continuing to enjoy that share or benefit would render the operative verb – admitted – superfluous, and would substitute with "benefit" as the operative verb, even though Section 37.19 uses those terms as "share" and "benefit" as the operative verbs, even though Section 37.19 uses those terms as mouns. ¹⁹ Such an interpretation would be beyond the pale of plain meaning. ²⁰ Such an interpretation would be beyond the pale of plain meaning.

1993); Bell/Heery v. United States, 106 Fed. Cl. 1, 14 (2008). Bay Builders, Inc. v. United States, 85 Fed. Cl. 1, 14 (2008).

¹⁵ See also Frazier v. United States, 67 Fed. Cl. 56, 60 (2005).

¹⁶ "[I]nterpretive tools such as dictionaries are frequently used by courts to determine the meaning of a determine the d

document's phrase or provision." Travelers Casualty & Surety Co. v. United States, 75 Fed. Cl. 696, 708-09 (2007); see also Anchor Sav. Bank, 121 Fed. Cl. at 311.

Accord Black's Law Dictionary 1585 (10th ed. 2014) ("shall" means "will (as a future-tense verb)")

(emphasis added); Gillette Co. v. "42" Prod. Ltd., 396 F.2d 1001, 1005 (C.C.P.A. 1968) (concurring opinion) (shall is a prospective term).

¹⁸ Mr. Trump holds an indirect interest in Tenant, as beneficiary of the Trust. The Trust holds an interest in The Trust holds an interest in Tenant.

DIT Holdings LLC and DIT Holdings Managing Member LLC, both of which hold interests in Tenant.

DIT Holdings LLC and DIT Holdings Managing Member LLC, both of which hold interests in Tenant.

DIT Holdings LLC and DIT Holdings Managing Member LLC, both of which hold interests in Tenant.

Which gives a reasonable meaning to all of its parts will be preferred to one which leaves a portion of it which gives a reasonable meaning to all of its parts will be preferred to one which leaves a weird and which gives a reasonable meaning to all of its parts will be preferred to one which leaves a weird and which gives a reasonable insignificant, meaningless, superluous, or achieves a weird and whimsical result." Gould, Inc., 935 F.2d at 1274 (quoting Arizona v. United States, 216 Ct. Cl. 221 (1978)).

Discourse that any latent ambiguity be construed against the government as the drafter of the provision under the doctrine of contra proferentem. Metric Constructors, Inc. v. Mai'l Aeronautics & Space Admin., 169 F.3d ("The doctrine of contra proferentem favors accepting [the non-drafting party's] interpretation of the ("The doctrine of contra proferentem favors accepting [the non-drafting party's] interpretation of the construed against government; "[t] he doctrine...places the risk of latent ambiguity, lack of clarity, or absence construed against government; "[t] he doctrine...places the risk of latent ambiguity, lack of clarity, or absence of proper warning on the drafting party").

B. Section 37.19 Does Not Apply to Owners of Other Entities When a Lease is for the Benefit of That Entity

There is a second reason why, under its plain language, Section 37.19 was not violated when Mr. Trump assumed the Office of President, regardless of whether the clause is prospective. Section 37.19 includes an exception to the general rule regarding admitting elected officials in a proviso, which states:

[Section 37.19] shall not be construed as extending to any Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity. (Emphasis added.)

The term "Person" is defined broadly under the Lease, and includes individuals. Here, the Person is Mr. Trump. And Mr. Trump is an indirect beneficial owner of Tenant. Tenant is an "other entity" and the Lease is clearly for the benefit of Tenant as a business entity. Tenant entered into the Lease, not to provide the leased premises to Mr. Trump for his use and enjoyment; it entered into the Lease to acquire property that it could use to develop and operate a hotel and related facilities.

We recognize that the proviso also refers to "any publicly held corporation" and that Tenant is not a publicly held corporation. But the proviso further applies broadly to "other entit[ies]." Following the well-established rules of contract interpretation, an adjective that precedes a series of nouns modifies all nouns in the series only if there is no intervening adjective. As a result, "publicly held" does not modify "entity"; "other" modifies adjective, "other." As a result, "publicly held" does not modify "entity"; "other" modifies entity. Therefore, Tenant is an "other entity" and Section 37.19 by its plain meaning does not apply to Tenant.

C. A Comparison to 18 U.S.C. § 431 Confirms the Inapplicability of Section 37.19

As just explained, the plain language of Section 37.19 does not prohibit a person who is admitted to a share or benefit of the Lesse from continuing to hold and enjoy that share or benefit after becoming an elected official. Therefore, it would be both improper and unnecessary to look for guidance outside the four-corners of the Lesse. 24 To the

²¹ See supra note 18.

²² See Kormely v. Wertheimer, 737 F.3d 197, 205 (2d Cir. 2013).

Li for some reason the terms of a clause are not clear on their face, other evidence may be used to interpret them. See TEG-Paradigm Envil Inc. v. United States, 465 F.3d 1329, 1339 (Fed. Cir. 2006). Evidence may include examples of other provisions, clauses, or guidance relating to those clauses that may aid in contract

extent, however, that GSA wishes to delve further, a comparison of the clause to 18 U.S.C. § 431 confirms the analysis.

18 U.S.C. § 431 provides, in relevant part, as follows:

"Whoever, being a Member of or Delegate to Congress, or a Resident Commissioner, either before or after he has qualified, directly or indirectly, himself, or by any other person in trust for him, or for his use or benefit, or on his account, undertakes, executes, holds, or enjoys, in whole or in part, any contract or agreement, made or entered into in behalf of the United States or any agency thereof, by any officer or person authorized to make contracts on its behalf, shall be fined under this title.

All contracts or agreements made in violation of this section shall be void . .

(Emphasis added.)

18 U.S.C. § 431, which does not apply to the President, is notable because it voids a government contract under which a covered government official receives any benefit whatsoever. Moreover, the prohibited benefit need not be direct, but applies if the benefit is indirect. And § 431 applies to contracts that were legal when entered into if a direct or indirect beneficiary becomes a covered official during the term of the contract.

Section 431 is not an obscure law. It is well known to all drafters of government contracts and, especially, to GSA, which is the counter-party to countless government contracts. Its existence shows that, if GSA had intended to prevent previously admitted persons to the Lease from continuing to hold and enjoy their previously vested share or benefit, it had a ready template.

D. In Any Event, Tenant Did Not Breach the Lease

Finally, even if Section 37.19 were somehow deemed to have been violated by Mr. Trump's act of taking the oath of Office, the violation does not constitute a default of the Lease by Tenant. Section 27.1 of the Lease identifies the instances in which Tenant may be found to be in default and the attendant remedies for default. Although Section 27.1(b), addressing non-monetary breaches, provides that Tenant is in default if it has breached

interpretation. See Ensley, Inc. v. United States, 114 Fed. Cl. 704, 715 (2014) (comparing virtually identical provisions in two contracts); Blough v. United States, 17 Cl. Ct. 186, 190 (1989) (comparing two different contracts and their differing language); see also GPA-I, LP v. United States, 46 Fed, Cl. 762, 770 (2000) (one party to a contract attempted to impute meaning into a contract by reference to a GSA clause, but the court determined that party's interpretation was "unacceptable" because the contract and GSA clause used "substantially different language").

Mr. Kevin Terry February 17, 2017 Page 9

"terms, obligations, conditions, agreements or covenants under this Lease," it offers no remedy for any actions taken by others – only actions or inactions by Tenant.

Moreover, if, notwithstanding the plain language of Section 37.19, a violation of that section were deemed to have occurred, that violation would result from Mr. Trump assuming the Office of President and not because of any action by Tenant when it "admitted" Mr. Trump to a share or benefit of the lease. In other words, Section 37.19 does not impose any obligations or restrictions that Tenant violated, and Section 27.1 does not afford a remedy to GSA for any violation of Section 37.19 that resulted from Mr. Trump becoming President. On this point, we recut to 18 U.S.C. § 431. Where it applies, it provides its own remedy; the contract becomes void even if the counter-party to the contract is not the covered official whose assumption of public office violates 18 U.S.C. § 431. Here, if GSA had intended a violation of Section 37.19 to be an event of default, it could have included an applicable default provision.

III. Clarifications of GSA's Understanding of Tenant's Current Organizational Structure

We confirm GSA's understandings of Tenant's business structure, subject to the following clarifications.

On page 2 of GSA's letter dated February 10, 2017, GSA provides a list of the individuals and entities that it believes have an ownership interest in Trump Old Post Office LLC. That list incorrectly includes Ivanka OPO Hotel Manager LLC, OPO Hotel Manager Member Corp. None of those three entities have an ownership interest in Trump Old Post Office LLC.

In addition, on page 3 of GSA's letter dated February 10, 2017, GSA states: "In turn, DJT Holdings Managing Member LLC holds an interest in Trump Old Post Office Member Corp., which holds an interest in Tenant." The letter further states that "DJT Holdings LLC holds a membership interest in Tenant." While those statements are true, they are potentially misleading. DJT Holdings Managing Member LLC and DJT Holdings LLC are holding companies that hold interests in hundreds of entities.

Mr. Kevin Terry February 17, 2017 Page 10

IV. Conclusion

:00

For all of the reasons set forth above, Tenant remains in full compliance with Section 37.19 of the Lease, and looks forward to working with GSA for many years to come. Tenant is committed to ensuring that our public-private partnership remains a strong example of how private enterprise can assist government agencies in achieving their objectives. To the extent that GSA has any remaining concerns, Tenant stands ready to continue our dialogue and address those concerns.



Alan Garten, Esq. Barry Segal, Esq. Tim Tozer, Esq. Donald J. Trump, Jr. Eric F. Trump



Exhibit 1.C

Letter from Kevin Terry

to

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

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Morgan Lewis

Sheri A, Dillon Partner +1,202,739,5749 shed.dillon@monganlewis.com

March 20, 2017

VIA EMAIL

Kevin Terry U.S. General Services Administration 301 7th Street SW Washington, DC 20407-0001

Re: Additional Analysis re Ground Lease, dated as of August 5, 2013 by and between the United States of America, acting by and through the Administrator of General Services, and Trump Old Post Office LLC (as amended, the "Lease")

Dear Mr. Terry:

In our letter of February 17, 2017, we explained why Trump Old Post Office LLC ("Tenant") continued to be in full compliance with the Lease, and in particular with section 37.19, after the inauguration of Donald J. Trump, an indirect owner of Tenant, as President. In that letter, we explained that Federal Circuit precedent regarding contract interpretation would guide the interpretation of section 37.19, and that the Federal Circuit looks to the four corners of a contract and interprets its provisions based on their plain language.

With this letter, we provide you some further analysis and information. Following your consideration of all of Tenant's facts and circumstances, we request that you provide Tenant a Lease Status Report regarding your determinations. We further request, that pursuant to section 17.1(a) of the Lease, that as Landlord's Contracting Officer, you execute, acknowledge and deliver a certificate ("the Certificate") certifying that (i) no event has occurred that would constitute an Event of Default under the Lease, (ii) Tenant is in full compliance with section 37.19, (iii) the Lease is valid and in full force and effect as of the date hereof, and (iv) ordinary course amendments and modifications to the Lease will have no effect on this certification.

Each capitalized term used but not defined herein has the meaning given to it in the Lease.

Please find below our further analysis of section 37.19, followed by a summary of an amendment that the members of Tenant have made to Tenant's operating agreement.

I. Interpretation of the Section 37.19 Proviso

We have again reviewed our records and given further thought to the proviso in section 37.19, and compared it to the proviso in a similar provision in GSA's standard lease form (the "GSA standard form").

The section 37.19 proviso states:

[p]rovided, however, that this provision shall not be construed as extending to a Person who may be a shareholder or other beneficial owner of any publicly held corporation or other entity, if this Lease is for the general benefit of such corporation or other entity. Emphasis added.

By comparison, Section L of the GSA standard form that was in use at the time the OPO lease was negotiated and entered into provided as follows:

No member of or delegate to Congress, or Resident Commissioner, shall be admitted to any share of the lease agreement, or to any benefit that may arise therefrom; but this provision shall not be construed to extend to any corporation or company if the agreement be for the general benefit of such corporation or company. Emphasis added.

GSA Form 3486 (REV. 4-1999). Section L was not changed when GSA later modified Form 3486. See Section L of GSA Form 3486 (REV. 10-2013).

Linguistically, the proviso in the Lease differs from the standard proviso in two respects: First, it is even clearer in the section 37.19 proviso as compared to the GSA standard form proviso that section 37.19 is not breached because the owner of a contracting entity (a shareholder or other beneficial owner) is or becomes a covered official, as long as the lease is for the general benefit of the entity. Second, instead of referring to "any corporation or company," section 37.19 refers to "any publicly held corporation or other entity." The literal meaning of these two phrases – "any corporation or company" and "any publicly held corporation or other entity." The literal meaning of these two phrases – "any corporation or company" and "any publicly held corporation or other entity." I have same. Fairly read, or limited liability companies). In the case of the proviso in section 37.19, an "other entity" that is not a "publicly held corporation" includes non-public, i.e., closely or privately held corporations, as well as all other types of entities that are not corporations. In the case of the GSA standard form proviso, "any corporation or company" includes the same cohort of juridical entities, corporations, partnerships, and limited liability companies, regardless of whether such entities are publicly or non-publicly held.

As we explained in our prior letter, under normal rules of construction the phrase "publicly held" in section 37.19 modifies only "corporation," and does not modify or limit the scope of "other entity." And there is no reason to infer that it should. As is evident from the preceding review of the GSA standard form proviso, limiting the section 37.19 proviso to entities that are publicly traded and excluding from the proviso all entities that are not publicly traded would represent a radical narrowing of the generally applicable proviso. Such a drastic deviation should not be inferred without compelling extrinsic evidence, of which (as noted below) there is none.

Like the proviso in the section 37.19, the proviso in the GSA standard form plainly permits any corporation or company to enter into and continue a lease of government property for its own general benefit, without concern that the lease will be breached if one of its owners is or later becomes a government official. In other words, the GSA standard form proviso does not evince any policy objective to prevent a bona fide entity from entering into and continuing a lease of government property even if one of its owners is a government official. To the contrary, the interests of the government are better served if GSA does not have to terminate or renegotiate a pre-existing lease with a bona fide entity just because one of its owners assumes public office.

Our interpretation, however, does not mean that there is no limitation on the provisos. Both the section 37.19 proviso and the GSA standard form proviso prevent a covered official from using an entity to enter into a lease of government property if the lease is for the benefit of the official, rather than the general benefit of the entity. To the contrary, the proviso only applies if the lease is "for the general benefit of such corporation of other entity" under section 37.19 or "for the general benefit of such corporation or company" under the GSA standard form. Both lease provisos require that the entity be a bons fide entity, operating for its own benefit. Accordingly, an elected official cannot escape the bounds of section 37.19 or the GSA standard form provision by simply forming an entity for the sole purpose of entering into a lease with the GSA. Thus, these provisos reflect a policy that treats an entity as separate from its owner so long as the entity is acting for its own purposes in entering into a lease of government property.

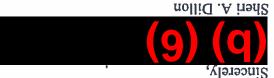
In any event, and as discussed with your advisors, and with which they acknowledged, even if a court perceived an ambiguity in section 37.19 that would allow for the consideration of extrinsic evidence, there is no extrinsic evidence relating to the negotiation of the Lease that would establish that the parties intended that section 37.19 would be breached if a direct or indirect owner of the Tenant later became a public official. During the extensive negotiations over the lease terms, section 37.19 was never discussed or otherwise considered as anything other than a boiler plate provision. As a result, there is no relevant extrinsic evidence that might suggest another interpretation of section 37.19.

Amendent to Tenantic Operating Agreement .11

operation of the hotel, and will be at risk to that business. distribution. Rather, the funds will be used to support and enhance the business of Tenant, will not be investing in liquid assets, and will not have a ready cash source for later operating expenses, etc. Stated another way, Tenant will not be accumulating those funds, purposes, such as repayment of debt, capital improvements, maintenance and repairs, contributions. Specifically, Tenant may only use the funds for business activities and Moreover, the Amendment limits Tenant's use of the funds associated with those capital contributions to Tenant. DIT Holdings will not earn any return on such amounts. will instead be credited to DT Holdings' unrecovered contribution account and treated as available for distribution to DJT Holdings, the Amendment provides that those amounts the Presidency, to the extent that there are any amounts that would have otherwise been other entity in which President Trump has a direct, indirect or beneficial interest. During Tenant will not make any distributions to DJT Holdings LLC ("DJT Holdings"), or to any provides that for the duration of President Trump's term of office ("the Presidency"), members entered into a First Amendment to the Agreement (the "Amendment"), which Agreement of Trump Old Post Office LLC (the "Agreement"), To that end, Tenant's Tenant's operating agreement, the Second Amended and Restated Limited Liability In connection with our discussions, Tenant's members determined to amend

Conclusion .III

partnership for many years to come. Lease Status Report and a certificate. We look forward to continuing our public-private effect. Tenant appreciates your consideration of these matters and Tenant's request for a and complete compliance with section 37.19 and the Lease is valid and in full force and For all of the reasons we have discussed, Tenant continues to believe it is in full



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Eric F. Trump Donald J. Trump, Jr. Tim Tozer, Esq. Alan Garten, Esq. Paula DeMuth, Esq.

FIRST AMENDMENT

OT

PIMITED LIABILITY COMPANY AGREEMENT SECOND AMENDED AND RESTATED

OF

OLD POST OFFICE LLC

(A Delaware Limited Liability Company)

THIS FIRST AMENDMENT TO SECOND AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT (this "Amendment") of TRUMP OLD POST OFFICE LLC (the "Company") is made and entered into as of the 20th day of January 2017.

WHEREAS, the Company was duly formed under the laws of the State of Delaware on the 30th day of June 2011;

WHEREAS, the affairs of the Company and the conduct of its business are governed by that certain Second Amended and Restated Limited Liability Company Agreement of Trump Old Post Office LLC dated as of the 31st day of December 2013 (the "Agreement"); and

WHEREAS, the Members desire that, for the duration of the Presidency of Donald J. Trump (the "Presidency"), the Agreement shall be revised as more particularly set forth herein.

NOW, THEREFORE, the Members hereby agree as follows:

- I. Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed thereto in the Agreement.
- 2. Motwithstanding the provisions of <u>Section 3.2</u> or <u>Section 7.2</u> of the Agreement, and except as otherwise set forth in this Amendment, during the Presidency, the Company shall not make any distributions to any entity in which Donald J. Trump or The Donald J. Trump Irrevocable Trust dated April 7, 2014 owns, or may in the future own, any direct, indirect or beneficial interest, including, without limitation, DJT Holdings LLC (any such interest, a "Restricted Interest").
- 3. During the Presidency, (a) any amount that would otherwise be distributed as an Ordinary Distribution with respect to a Restricted Interest shall be credited to the Unrecovered Contribution Account that is associated with such Restricted Interest; (b) the Preferred Return with respect to such Restricted Interest shall be computed without regard to amounts credited to

such Unrecovered Contribution Account pursuant to <u>subsection (a)</u> above; and (c) the amounts not distributed shall only be used by the Company for business purposes, such as repayment of debt, capital improvements, repairs, maintenance or business operations, and shall not be used for investment in liquid assets, such as marketable securities, other than as connected to a routine short-term cash sweep.

- 4. For purposes of allocating profits and losses of the Company pursuant to <u>Section</u> 3.1 of the Agreement, all amounts credited to the Unrecovered Contribution Account pursuant to <u>Section 3(a)</u> above shall be treated as having been distributed to the holder of such Restricted Interest.
- 5. The Members hereby agree that prior to amending, modifying or cancelling this Amendment, notice shall be provided to the Administrator of General Services at least thirty (30) days in advance of such action in accordance with the notice provision set forth in the OPO Ground Lease.
- 6. Motwithstanding anything to the contrary contained herein, this Amendment shall only be effective during the duration of the Presidency and while the OPO Ground Lease remains in full force and effect.
- 7. From and after the date hereof, all references in the Agreement to "this Amendment, Except as set forth in this Amendment, the Agreement shall remain unmodified and in full force and effect.
- 8. This Amendment (i) may not be changed, modified, terminated or discharged, in whole or in part, except by a writing executed by all the Members, (ii) shall be construed, governed and enforced in accordance with the laws of the State of Delaware without regard to principles of conflicts of law, (iii) may be executed in one or more counterparts (and by facsimile or .PDF), each of which so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument, and (iv) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- 9. If any of the provisions of this Amendment, or its application to any situation, shall be invalid or unenforceable to any extent, the remainder of this Amendment, or the application thereof to situations other than that as to which it is invalid or unenforceable, shall not be affected thereby, and every provision of this Amendment shall be valid and enforceable to the fullest extent permitted by law.

(Signature page follows)

IN WITNESS WHEREOF, the Members have caused this Amendment to be duly executed as of the date first set forth above.

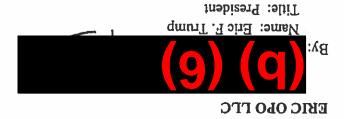


Title: President



IVANKA OPO LLC

By:
Name: Ivanka M. Trump
Title: President





IN WITNESS WHEREOF, the Members have caused this Amendment to be duly executed as of the date first set forth above.

DIT HOLDINGS LLC

By: Mame: Donald J. Trump Jr.
Title: President

DON OPO LLC

By:

Name: Donald J. Trump Jr.

Title: President

IVANKA OPO LLC



EBIC OLO LLC

By: Name: Eric F. Trump
Title: President

LISTAND OLD POST OFFICE MEMBER CORP

Name: Donald J. Trump Jr. Title: President



Exhibit 2

Letter from Kevin Terry

to

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)



HIOZ TE HOW

Via E-Mail

Ms. Ivanka Trump Executive Vice President 725 Fifth Avenue, 25th Floor New York, NY 10022

Re: Delivery of Exclusive Possession – Effective May 31, 2014 at 11:59 PM

Dear Ivanka,

In accordance with Paragraph 4.6 [Delivery of Exclusive Possession] of the Ground Lease between the General Services Administration (Landlord) and Trump Old Post Office LLC (Tenant) dated August 5, 2013, as affirmed in Landlord's letter to Tenant dated September 27, 2013[Notification of Planned Delivery Date], I am pleased to inform you that Delivery of Exclusive Possession will proceed as scheduled, effective May 31, 2014 at 11:59 PM. Please ensure that all necessary provisions of the above referenced lease are in place as required by this milestone inclusive of Tenant's obligation to have its Fire and Extended Coverage in full force and effect as of the delivery date.

Please feel free to contact me directly at (202)708-4600 should you have any questions or concerns related to this matter.



Kevin M. Terry; Senior Realty Contracting Officer U.S. General Services Administration Public Building Service - National Capital Region

J. Greenblatt
T. Tozer
S. Edabi
B. Banks
E. Newman
D. Orowitz
A. Weiss

:00

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Exhibit 3

Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

	জা:		

VIA FEDEX AND ELECTRONIC MAIL

Trump Old Post Office LAC

clo The Trump Organization

725 Filth Avenue, 25th Floor

O'S Fifth Avenue, 25th Floor New York, New York 10022 Attention: Ivanka Trump

18c: Ground Lease, dated as of August 5, 2013, by and between the United States of America, acting by and through the Administrator of General Services, and Trump Old Post Office I.I.C (as amended, the "Lease")

Dear Ivanka:

Pursuant to <u>Section 6.4.1</u> of the Work Agreement, this letter constitutes Landlord's Notice to Proceed (as defined in the Work Agreement) to Tenant with respect to the entire Project, subject to the conditions set forth in Landlord's Commencement Conditions Letter dated on or about the date hereof. Conditions set forth in Landlord's Commencement Conditions Letter dated on or about the date hereof.

Very fruly yours,

UNITED STATES OF AMERICA, acting by and through the Administrator of General Services

By:

Maine:

Contracting Officet

Contracting Officet

U.S. General Services Administration



Exhibit 4

Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

	30		

SAFETY, ENVIRONMENT, AND FIRE PROTECTION BRANCH (WPMA) GENERAL SERVICES ADMINISTRATION



PERMIT NO.

301 7¹⁴ Street, SW, Room 2080 Washington, D.C. 20407 Tel. (202)708-5236 Fax (202)708-6207

LEMBORARY OCCUPANCY CERTIFICATE FEDERAL BUILDING

THIS PERNIT IS VALID ONLY FOR THE PREMISES

IBC 7017 IBC 7012 TYPE IB BUILDING CONSTRUCTION): PERMIT ISSUANCE): TYPE OF CONSTRUCTION: BUILDING CODE EDITON (AT TIME OF BUILDING CODE EDITON (AT TIME OF SQ. FEET **ZL98** 91/11/01 **†6880**† COAD BUILDING MODERNIZATION 30 DYKS OCCUPANT **DATE:** FOOTAGE: DEZIGN OCCUPIED SQ. TERM: **EXPIRATION** BUSINESS, ASSEMBLY, MERCANTILE R-1, ASSEMBLY, BUSINESS, MERCANTILE, A-2 PREVIOUS OCCUPANCIES: **РРРКОУЕD ОССИРЛИСІЕЯ:** R-1, ASSEMBLY, BUSINESS, MERCANTILE, A-2 BUSINESS, ASSEMBLY, MERCANTILE PREVIOUS USES: APPROVED USES: **WASHINGTON DC** TRUMP INTERNATIONAL HOTEL PERMISSION IS HEREBY GRANTED TO: TRADING AS: Washington, DC 20004 Annex G-2 1100 Pennsylvania Ave., NW Hotel G - 9 V/N FLOOR(S): **VDDKE22: 2EKAICE DETIAEKA CEALEK:** OF THE PROJECT ADDRESS DC0059-16-014(REV 1) DATE: 9/12/2016

DESCRIPTION OF USE:

HOTEL, ASSEMBLY, MERCANTILE, RESTAURANT

AREAS EXCLUDED FROM TCO:

- a. Northeast corner Trump townhouse room 141
- Ground floor: northwest kitchen space, spa
- d. The entire garage parking area in the annex
- e. The NPS (as defined in the Lease) space on the 9th, 10th, 12th and 13th floor
- f. Floor 1, rooms: 110, 112, 114, 116, 118, 120, 121, 122
- g. Mczzanine level, rooms: M110, M112, M114, M116, M118, M120, M121, M122

National Capital Region GSA Fire Protection Engineer

LAURA DOYLE, P.E.

BUILDING OCCUPANTS FROM FIRE AND SIMILAR EMERGENCIES. INSPECTED, SUCCESSFULLY TESTED AND APPROVED TO PROVIDE A REASONABLE DECREE OF SAFETY TO THE THIS CERTIFICATE ENSURES THAT ALL FIRE PROTECTION AND LIFE SAFETY SYSTEMS HAVE BEEN COMFLETED,

- ECS Letter for Recommendation for Partial Occupancy for Trump Old Post Office dated 9/9/16
 - Kitchen Hood Fire Suppression Inspection and Acceptance dated 9/8/16
 - TCO Sprinkler Testing and Inspection Letter dated 9/11/16
 - - TCO Life Safety Letter dated 9/8/16
 - TCO Smoke Control System dated 9/10/16
 - TCO Fire Alarm System dated 9/11/16
 - TCO issued in conjuction with Jensen Hughes Certification Letters:

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- Г. Жисоринскуси меснуулчин хиссусси порос пус монраний мини и буунсулдаг. Слемсин буулсун най оннос Floor 5, rooms: 509, 522, 535, 539, 544
 - i. Floor 4, room 401
- $\textbf{h.} \quad \textbf{Floor 2, rooms: 3AH $2.002, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 2004, 20$

SAFETY, ENVIRONMENT, AND FIRE PROTECTION BRANCH (WPMA) GENERAL SERVICES ADMINISTRATION

∀SD

301 7TH Street, SW, Room 2080 Washington, D.C. 20407 Tel. (202)708-5236 Fax (202)708-6207

LEWIOGYBY OCCUPANCY CERTIFICATE FEDERAL BUILDING

R-1, ASSEMBLY, BUSINESS, MERCANTILE, A-2 BUSINESS, ASSEMBLY, MERCANTILE APPROVED OCCUPANCIES: PREVIOUS OCCUPANCIES: R-1' VEZEMBLY, BUSINESS, MERCANTILE, A-2 BUSINESS, ASSEMBLY, MERCANTILE PREVIOUS USES: APPROVED USES: WASHINGTON DC TRUMP INTERNATIONAL HOTEL PERMISSION IS HEREBY GRANTED TO: TRADING AS: Washington, DC 20004 WM ... avA sinsylvania Ave., NW Hotel G-9 V/N ADDRESS: FLOOR(S): **ZEKVICE DELIVERY CENTER:** DC0059-16-014 **DVLE: 3/11/7019** OF THE PROJECT ADDRESS THIS PERMIT IS VALID ONLY FOR THE PREMISES PERMIT NO. TEMPORARY OCCUPANCY CERTIFICATE

TYPE IB

SO. FEET

400,000

FOOTAGE:

OCCUPIED SQ.

TYPE OF CONSTRUCTION:

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TOVD:

DEZIGN

OCCUPANT

91/11/01

DATE:

IBC 2017 IBC 2012

DESCRIPTION OF USE:

LABE

BUILDING CONSTRUCTION):

BUILDING CODE EDITON (AT TIME OF

BUILDING MODERNIZATION

HOTEL, ASSEMBLY, MERCANTILE, RESTAURANT

VEEAS EXCLUDED FROM TCO:

- a. Northeast corner Trump townhouse room 141
- b. Northwest corner Franklin Study bathroom and associated corridor, 1st Floor

PERMIT ISSUANCE)

30 DYX2

TERM:

BUILDING CODE EDITON (AT TIME OF

- c. Ground floor: northwest kitchen space, spa d. The entire garage parking area in the annex
- e. The NPS (as defined in the Lease) space on the 9th, 10th, 12th and 13th floor
- f. Floor 1, rooms: 110, 112, 114, 116, 118, 120, 121, 122
- g. Mezzanine level, rooms: M110, M112, 11114, M116, M118, M120, M121, M122

226, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247 h. Floor 2, rooms: 201, 202, 203, 205, 206, 207, 208, 209, 210, 212, 214, 216, 218, 219, 220, 221, 222, 223, 224,

i. Floor 4, room 401

j. Floor 5, rooms: 509, 522, 535, 539, 544

I.T. office, and F&B office k. The entirety of floor 9 with the exception of the following which are included: C&R office, accounting office,

l. Ground floor; sales and marketing offices, fitness center, Pation and Grant meeting rooms and pre-function

m. The annex in whole (due to non-functioning or missing stair door closers) (due to lack of earpet installation)

n. Mexzanine of BLT (due to completion of railing)

NO ETECTRONIC LOCKING OF DOORS PERMITTED

STREET, AND 11TH STREET EXTERIOR EMERGENCY LIGHTING SHALL BE PROVIDED BY GUARDS AT C STREET, 12TH

C STREET BOLLARD AND LANDSCAPE PLANTER HAZARD SHALL BE PROTECTED

STAIR B GROUND FLOOR LEVEL OF EXIT DISCHARGE DOOR SHALL BE MANUED 24 HOURS A

DAY TO ENSURE DOOR LATCHS.

TCO issued in conjuction with Jensen Hughes Certification Letters:

TCO Fire Alarm System dated 9/11/16

TCO Smoke Control System dated 9/10/16 ·q

INSPECTED, SUCCESSFULLY TESTED AND APPROVED TO PROVIDE A REASONABLE DEGREE OF SAFETY TO THE THIS CERTIFICATE ENSURES THAT ALL FIRE PROTECTION AND LIFE SAFETY SYSTEMS HAVE BEEN COMPLETED,

TCO Life Safety Letter dated 9/8/16

Kitchen Hood Fire Suppression Inspection and Acceptance dated 9/8/16 TCO Sprinkler Testing and Inspection Letter dated 9/11/16

ECS Letter for Recommendation for Partial Occupancy for Trump Old Post Office dated 9/9/16



National Capital Region GSA Fire Protection Engineer

LAURA DOYLE, P.E.



Exhibit 5

Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

TRUMP OLD POST OFFICE LLC

725 Fifth Avenue, 25th Floor New York, New York

November 1, 2016

VIA FEDERAL EXPRESS OVERMICHT
United States General Services Administration
Portfolio Management - Suite 7600
Room 7660
Washington, D.C. 20407
Attn: Kevin Teny

Re: Written Notice of Opening Date

Dear Mr. Terry:

Reference is hereby made to that certain Ground Lease, dated as of August 5, 2013, by and between The United States of America, acting by and through the Administrator of General Services, as landlord and Trump Old Post Office LLC, as tenant (as amended through the date hereof, the "Ground Lease"). All capitalized terms used but not defined in this Letter shall be defined in the Ground Lease.

As required pursuant to Section 4.1 of the Ground Lease, Tenant hereby provides written notice to Landlord that the Opening Date occurred on October 26, 2016. Please countersign the certificate enclosed herewith to confirm the same and return it to the Tenant's attention at the address above.

Trump Old Post Office LLC



:00

United States General Services Administration Office of Regional Counsel, Suite 7048

Vashington, D.C. 20407

Atm: Regional Counsel

(VIA FEDERAL EXPRESS OVERNIGHT)

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001 Attn: Barbara Wachter Meedle, Esq. (VIA FEDERAL EXPRESS OVERNIGHT)

CERTIFICATION OF OPENING DATE

Pursuant to Section 4.1 of that certain Ground Lease dated as of August 5, 2013, by and between The United States of America, acting by and through the Administrator of General Services, as landlord, and Trump Old Post Office LLC, as tenant, the parties hereto hereby certify that the Opening Date (as defined in the Ground Lease) occurred on October 26, 2016.

LAMDLORD:

United States of America, acting by and through the Administrator of

General Services

By:

Mame:

Title: Kevin M. Teny

Contracting Officer
U.S. General Services Administration

TENANT:



Dated: November 2, 2016

	A	
		•
5		



Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

Trump Old Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

December 16, 2016

BY OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re: Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services ("Landlord") and Trump Old Post Office LLC ("Tenant")!

Dear Kevin:

Please be advised that Donald J. Trump ("Mr. Trump") intends to assign all of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC ("Holdings MM", and such assignment to Holdings MM, the "Transfer"). We anticipate the Transfer to be consummated no earlier than January 1, 2017.

Like the prior transfers that occurred in February 2016, the Transfer does not require Landlord's consent under Article XV of the Lease. The Trust is a Trump Family Member, and therefore a Trump Affiliate, because the Trust is a trust for the primary benefit of Mr. Trump. An executed copy of the document consummating the Transfer will be provided to you after the Transfer has been consummated.

Please do not hesitate to contact us if you have any questions or concerns.

Very truly yours,

TRUMP OLD POST OFFICE LLC, a Delaware limited liability company



Title: Authorized Signatory

United States General Services Administration Office of Regional Counsel, Suite 7048

7th & D Streets, S.W.
Washington, DC 20407

Attn: Regional Counsel

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001 Attn: Barbara Wachter Meedle, Esq.



Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)



Trump Old Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

December 29, 2016

BY OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re: Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services ("Landlord") and Trump Old Post Office LLC ("Tenant")

Dear Kevin:

Please be advised that the Ivanka Trump Revocable Trust dated August 13, 2010 may transfer its interests in Ivanka OPO LLC to another trust (the "IT Transfer"). In the event it occurs, we anticipate the IT Transfer to be consummated before lanuary 20, 2017. Please note that the IT Transfer is a transfer of a non-Controlling interest in Tenant and does not require Landlord's consent under Article XV of the Lease. For your reference, attached hereto as $\overline{\text{Exhibit}}$ is a true and correct Organizational Chart as of the date hereof, and attached hereto as $\overline{\text{Exhibit}}$ is a true and correct Organizational Chart as of the date hereof, and attached hereto as $\overline{\text{Exhibit}}$ IT Transfer (if it occurs) and the Transfer referenced in that certain notice letter sent by Tenant to Landlord on December 16, 2016.

We will keep you updated as to the status of the IT Transfer and notify you in the event the IT Transfer will not be consummated.

Please do not hesitate to contact us if you have any questions or concerns. Thank you.

[Signature Page Follows]

Very truly yours,

TRUMP OLD POST OFFICE LLC, a Delaware limited liability company

Ву: Иате: Adam L. Rosen Title: Authorized Signatory

United States General Services Administration Office of Regional Counsel, Suite 7048 Ath & D Streets, S.W.

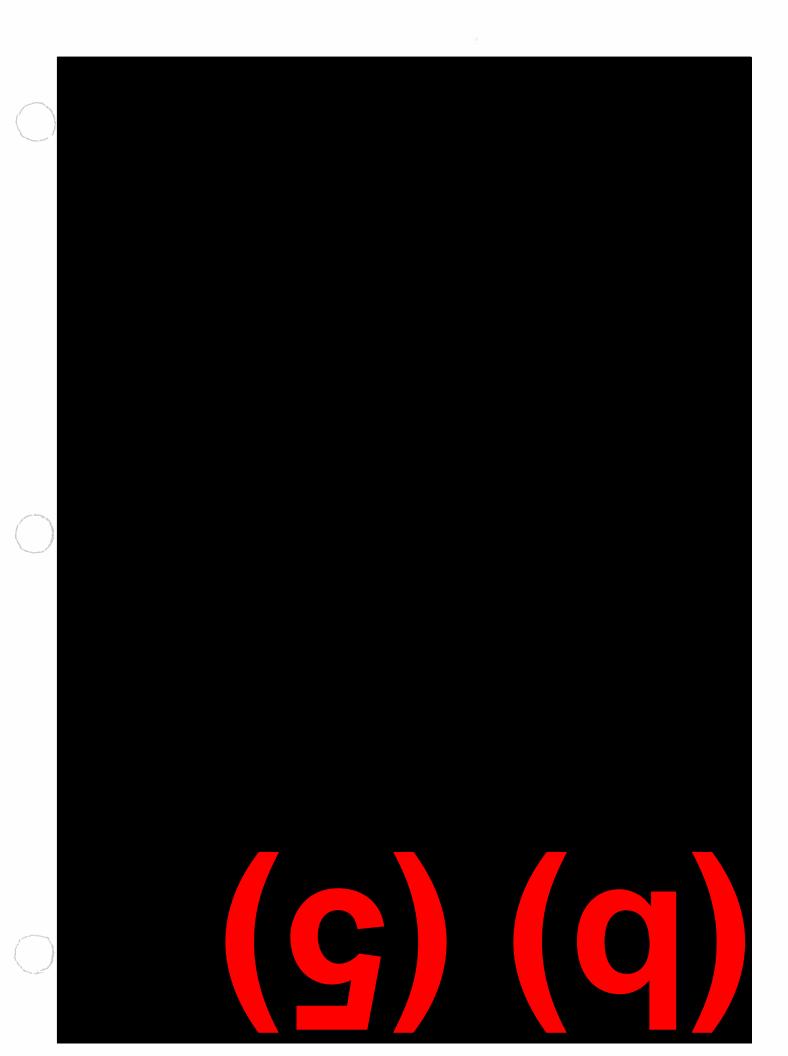
Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001 Attn: Barbara Wachter Meedle, Esq.

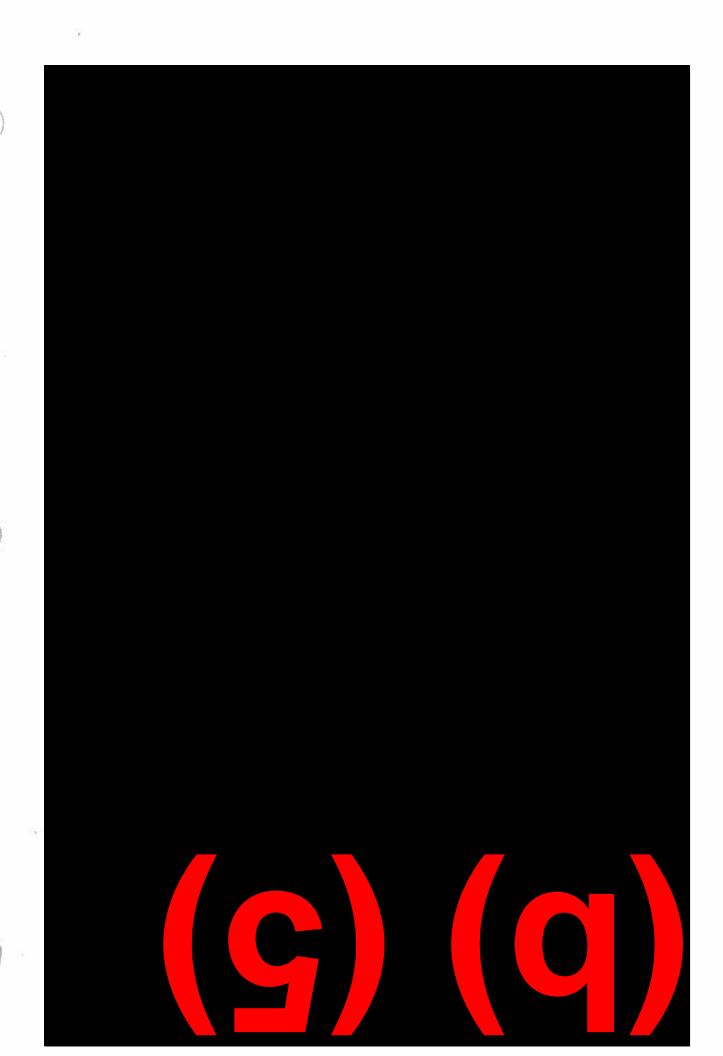
Washington, DC 20407 Attn: Regional Counsel

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Exhibit A

(see attached)





(see attached)

Expipit B



Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)





January 10, 2017

Via E-Mail and Overnight Delivery

Trump Old Post Office, LLC c\o The Trump Organization 725 Fifth Avenue, 25th Floor New York 10022 Attn: Adam L. Rosen

Re: Ground Lease, dated as of August 5, 2013, by and between the United States of America, acting by and through the Administrator of General Services, and Trump Old Post Office LLC (as amended, the "Lease")

Dear Mr. Rosen:

I am in receipt of your letters dated December 16, 2016 and December 29, 2016, regarding the potential intent to transfer various interests of Tenant under the subject Lease. We look forward to receiving the final documents that explain the transfers and new organizational structure of Tenant. Please advise as to when we might expect to be in receipt of same, and feel free to contact me directly at (202) 708-4600 should you have any questions.

Sincerely,

Kevin M. Temy KEVIN TERRY Contracting Officer

Senior Realty Contracting Officer
Public Buildings Service

cc: Jason D. Greenblatt, Esq. (via e-mail)

Owen Reidy, Esq. (via e-mail)

Raymond Flores (via e-mail)

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

U.S. General Services Administration
301 7th Street SW
Washington, DC 20407-0001

vog.62g.www



Letter from Kevin Terry

01

Donald J. Trump, Jr.

dated

March 23, 2017

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Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

Trump Old Post Office LLC

725 Fifth Avenue, 26th Floor New York, NY 10022

January II, 2017

VIA EMAIL AND OVERVIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re: Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services and Trump Old Post Office LLC!

Dear Kevin:

In connection with my letter to you dated December 16, 2016, regarding the transfer by Donald J. Trump of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC (the "Transfer"), as requested, attached hereto as $Exhibit \underline{A}$ is a copy of the Organizational Chart, and attached hereto as $Exhibit \underline{B}$ is a copy of the Organizational Chart that will be current following the consummation of such Transfer. As discussed, we anticipate the Transfer to be consummated on January 19, 2017, at which time we will send you a copy of the executed transfer document.

Please do not hesitate to contact us if you have any questions or concerns.

Very truly yours,

a Delaware limited liability company



United States General Services Administration Office of Regional Counsel, Suite 7048

Nashington, DC 20407

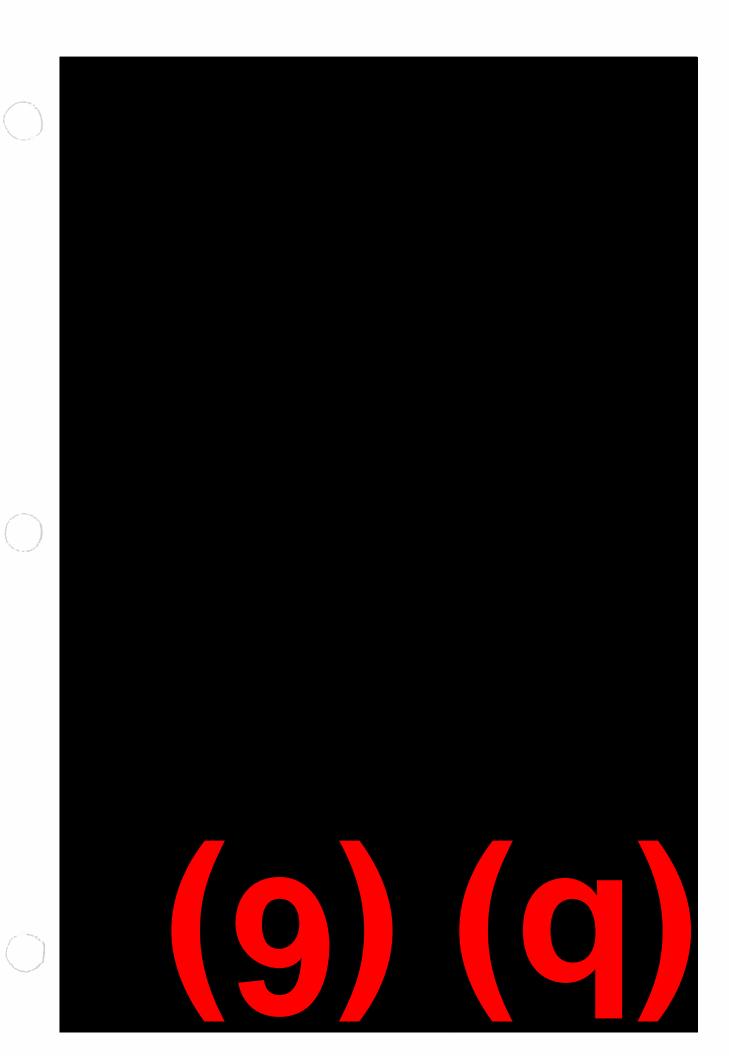
Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001 Attn: Barbara Wachter Needle, Esq.

Attn: Regional Counsel

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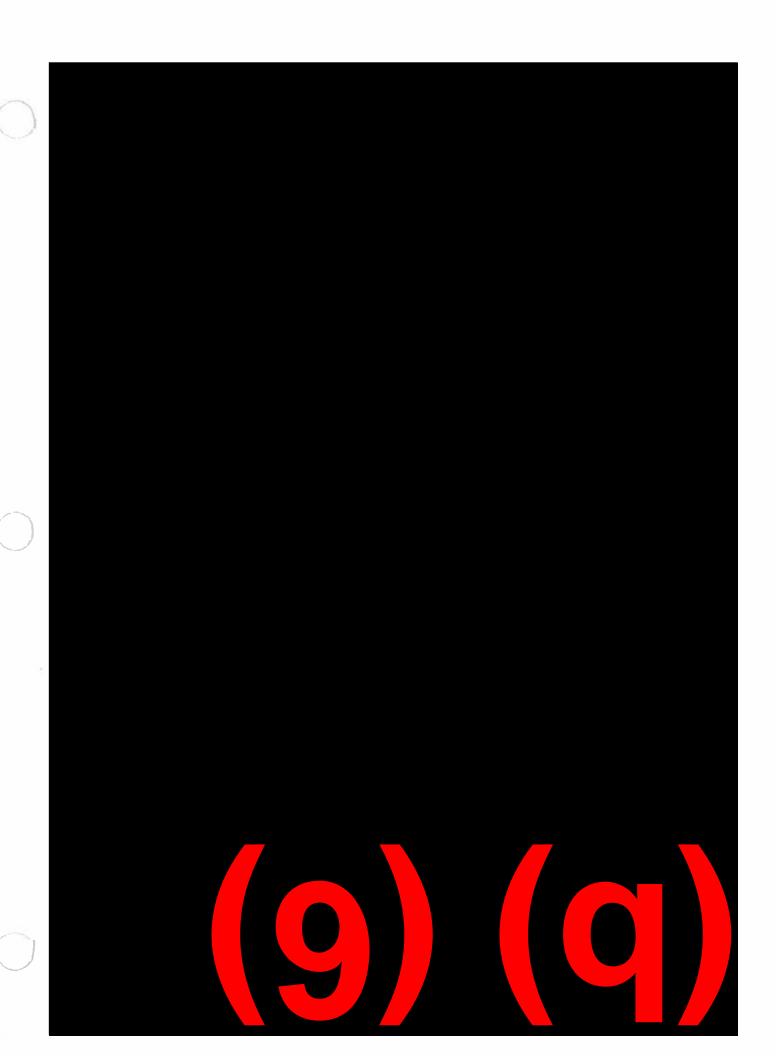
Exhibit A

(see attached)



(see attached)

Exhibit B





Letter from Kevin Terry
to
Donald J. Trump, Jr.
dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

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January 23, 2017

VIA EMAIL AND OVERNIGHT DELIVERY

United States General Services Administration Portfolio Management - Suite 7600 7th & D Streets, S.W. Washington, D.C. 20407 Attention: Kevin Terry

Re: Ground Lease (as previously amended and as may be further amended from time to time, the "Lease"), dated as of August 5, 2013, between the United States of America, acting by and through the Administrator of General Services and Trump Old Post Office LLC!

Dear Kevin:

The transfer by Donald J. Trump of his interests in Trump Old Post Office Member Corp to DJT Holdings Managing Member LLC was consummated on January 19, 2017. Attached hereto as Exhibit A please find a copy of the Assignment of Shares and Acceptance as Substitute Shareholder. Please do not hesitate to contact us if you have any questions or concerns. Thank

Very truly yours,

a Delaware limited liability company

Title: Authorized Signatory

By Mame: Adam L. Rosen

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

United States General Services Administration Office of Regional Counsel, Suite 7048

Washington, DC 20407

Attn: Regional Counsel

Reno & Cavanaugh PLLC 455 Massachusetts Avenue, NW, Suite 400 Washington, DC 20001 Attn: Barbara Wachter Needle, Esq.

Exhibit A

(see attached)

WAND ACCEPTANCE AS SUBSTITUTE SHAREHOLDER ASSIGNMENT OF SHARES

This Assignment of Shares and Acceptance as Substitute Shareholder (this "Assignment") is made as of the 19^{th} day of January 2017.

Donald J. Trump ("Transferor") hereby transfers, assigns, conveys and delivers to DJT Holdings Managing Member LLC ("Transferee") all right, title and interest in and to his shares of Trump Old Post Office Member Corp (the "Company"), with the intention that Transferee shall become a shareholder of the Company in place of Transferor as to said shares.

Transferee does hereby accept said shares, agrees to be bound by all of the terms and conditions of the governing documents of the Company, and agrees to accept the status of a shareholder of the Company in respect of the shares hereby transferred.

The transfer of shares made hereby shall be governed by the laws of the State of Delaware. This Assignment may be executed in one or more counterparts, each of which so executed and delivered shall be deemed an original, but all of which taken together shall constitute but one and the same instrument.

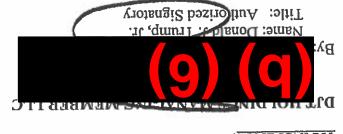
[SIGNATURE PAGES FOLLOW]

WITNESS our hands and seals as of the day and year first written above.



WITNESS our hands and seals as of the day and year first written above.

TRANSFEREE:





Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

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Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

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	1.	



January 23, 2017

Via E-Mail

Trump Old Post Office, LLC c\o The Trump Organization 725 Fifth Avenue, 25th Floor New York 10022 Attn: Adam Rosen

Re: Ground Lease, dated as of August 5, 2013, by and between the United States of America, acting by and through the Administrator of General Services, and Trump Old Post Office LLC (as amended, the "Lease")!

Dear Mr. Rosen:

I am in receipt of your letters dated December 16, 2016, December 29, 2016, January 11, 2017, and January 23, 2017, regarding various transfers of interest in the Lease and the new organizational structure of Tenant. Please call me at (202) 708-4600 to schedule a mutually agreeable time and place where we can discuss the provided information in more detail.

Sincerely,

Kevin M. Terry
Kevin M. Terry
U.S. General Services Administration
Senior Realty Contracting Officer
Public Buildings Service

cc: Owen Reidy, Esq. (via e-mail)
Raymond Flores (via e-mail)

Capitalized terms used but not defined herein shall have the meaning given to them in the Lease.

U.S. General Services Administration 301 7th Street SW
Washington, DC 20407-0001

vog.ssg.www



Exhibit 12

Letter from Kevin Terry

to

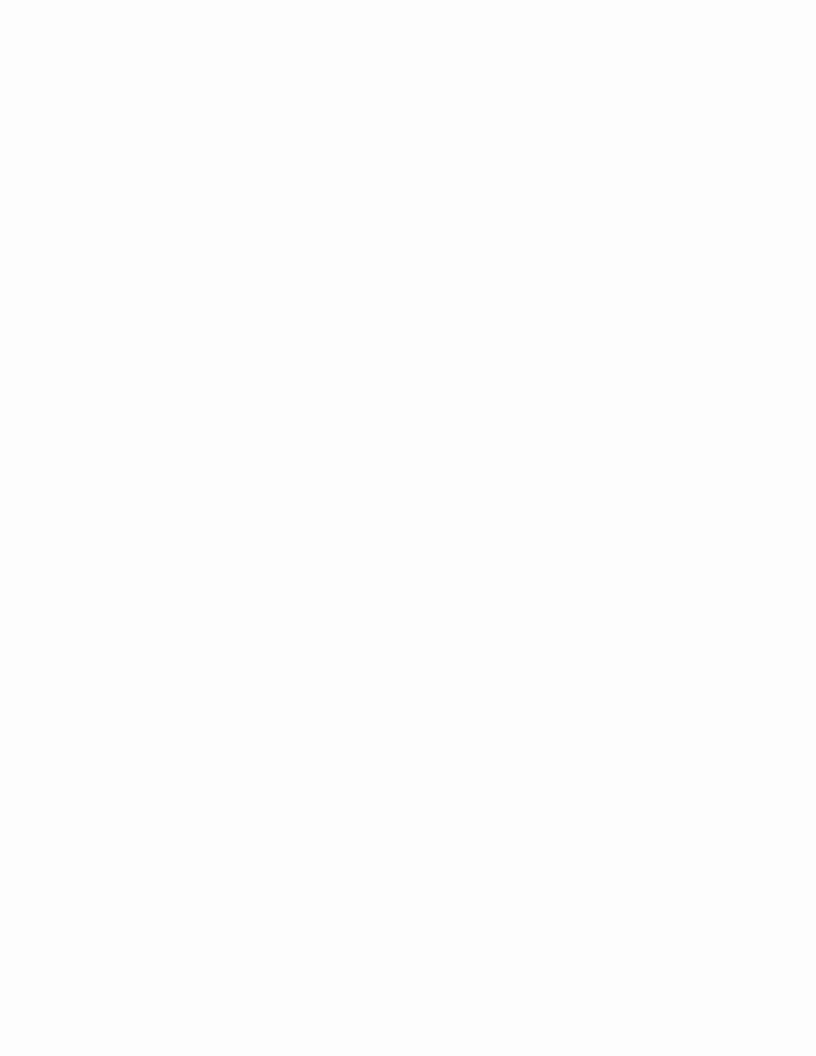
Donald J. Trump, Jr.

dated

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Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)



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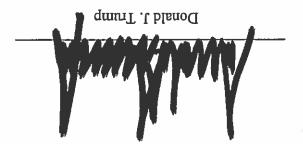
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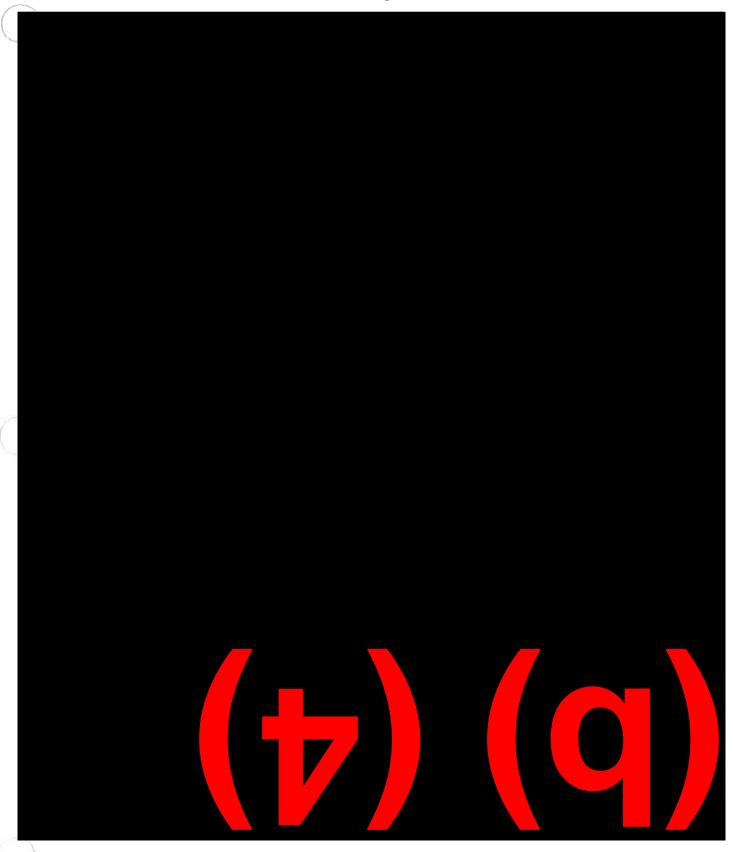
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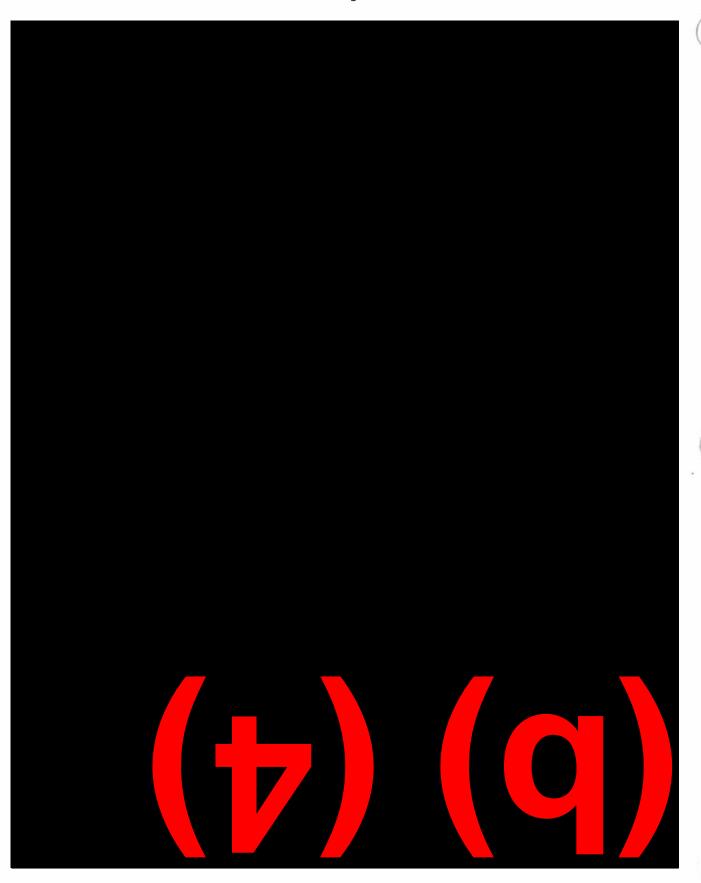
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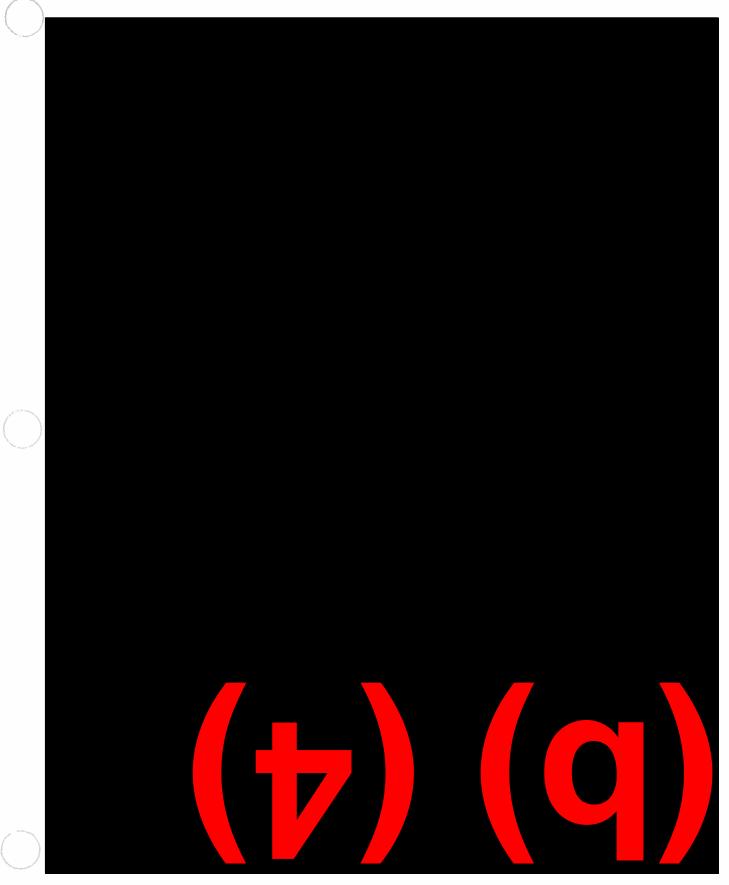
I, Donald J. Trump, hereby resign from each and every office and position I hold in the entities listed on Exhibit A hereto. My resignation shall be effective immediately.

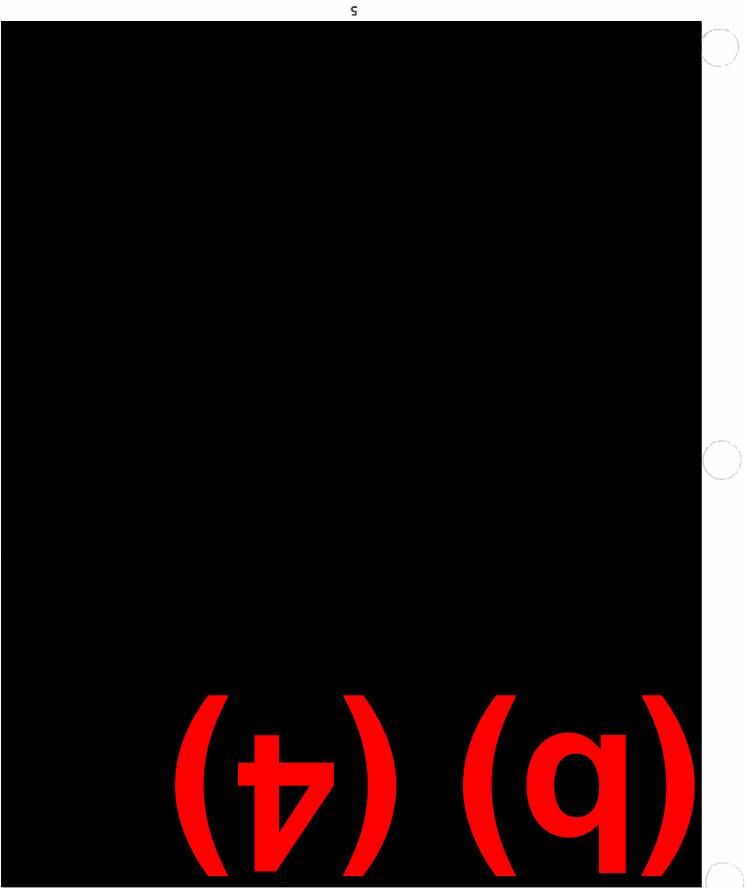
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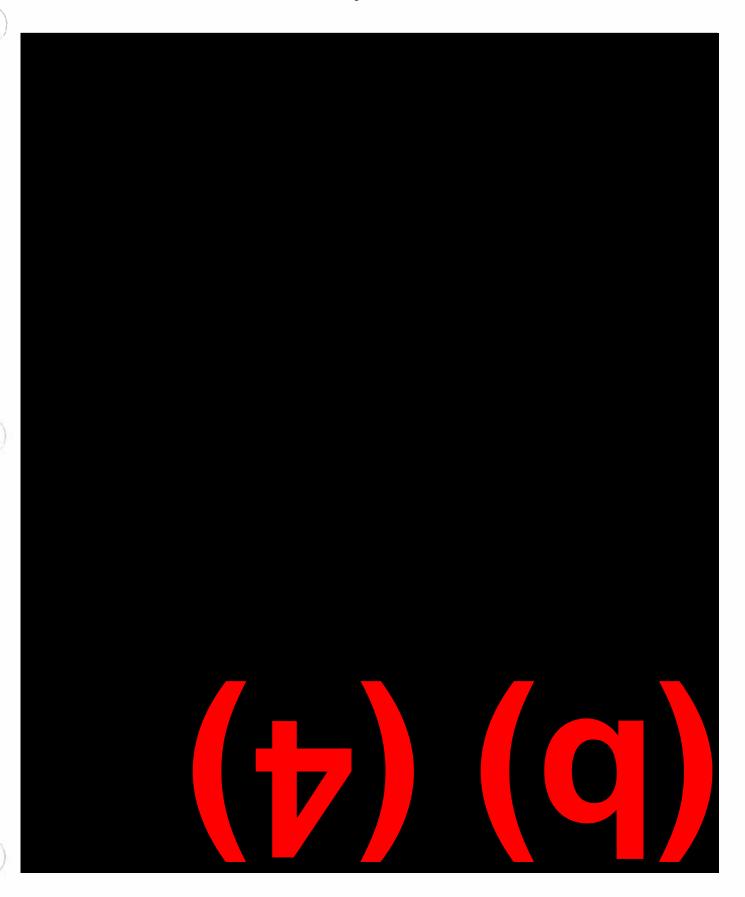


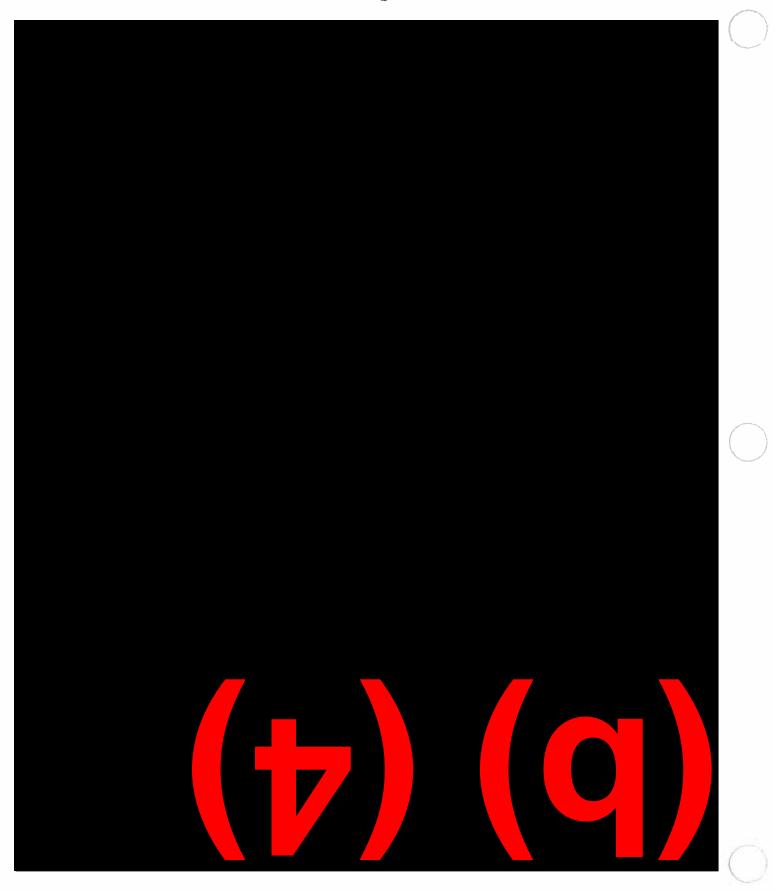


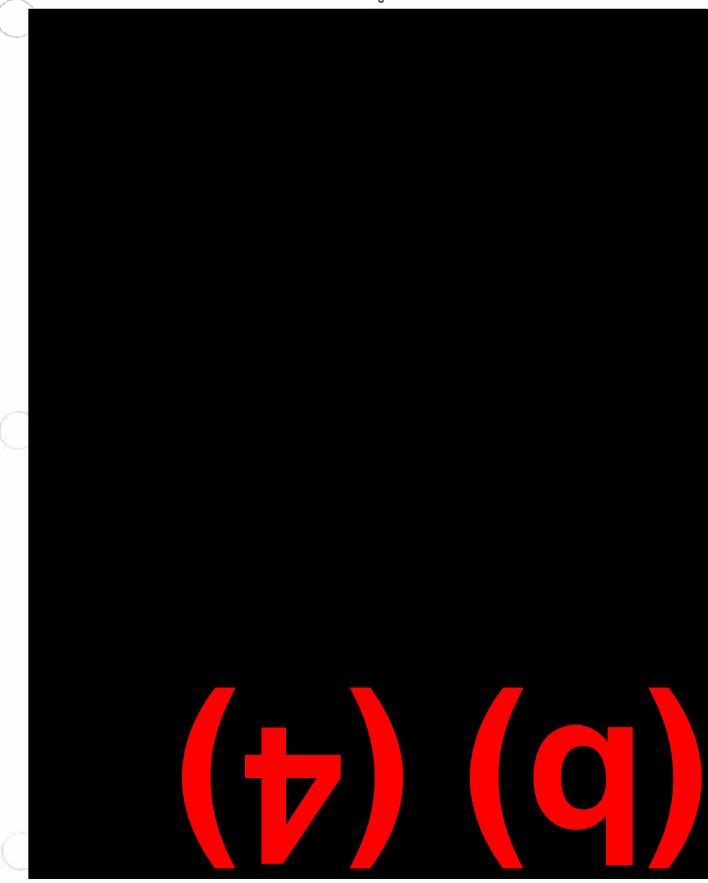


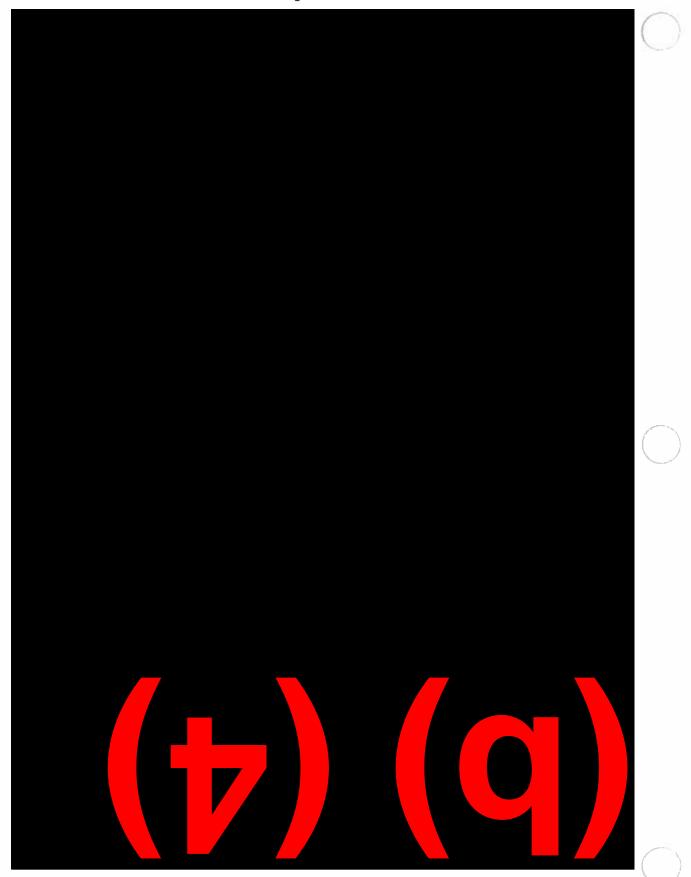


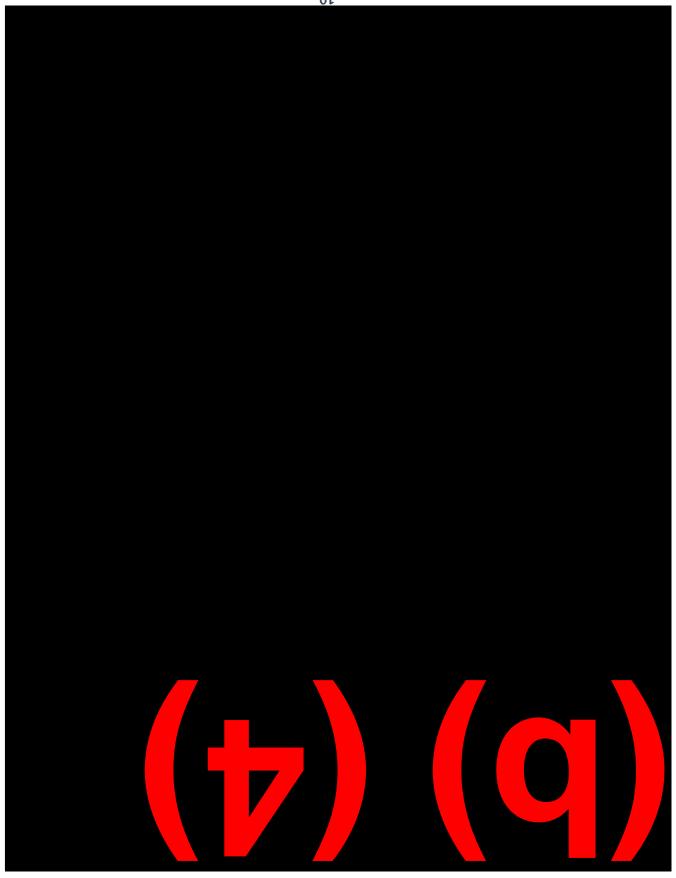


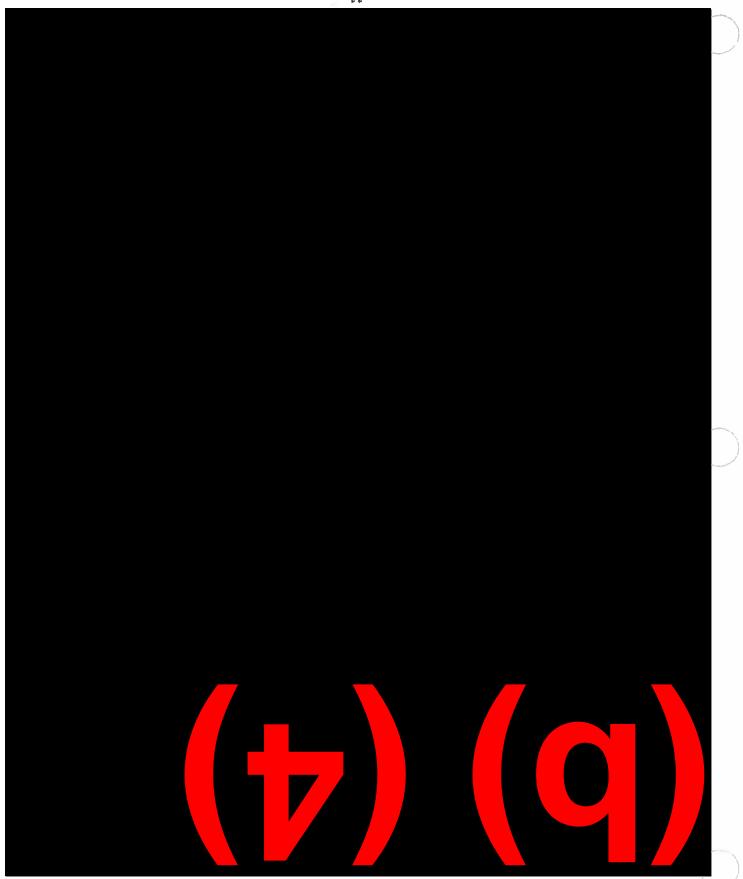


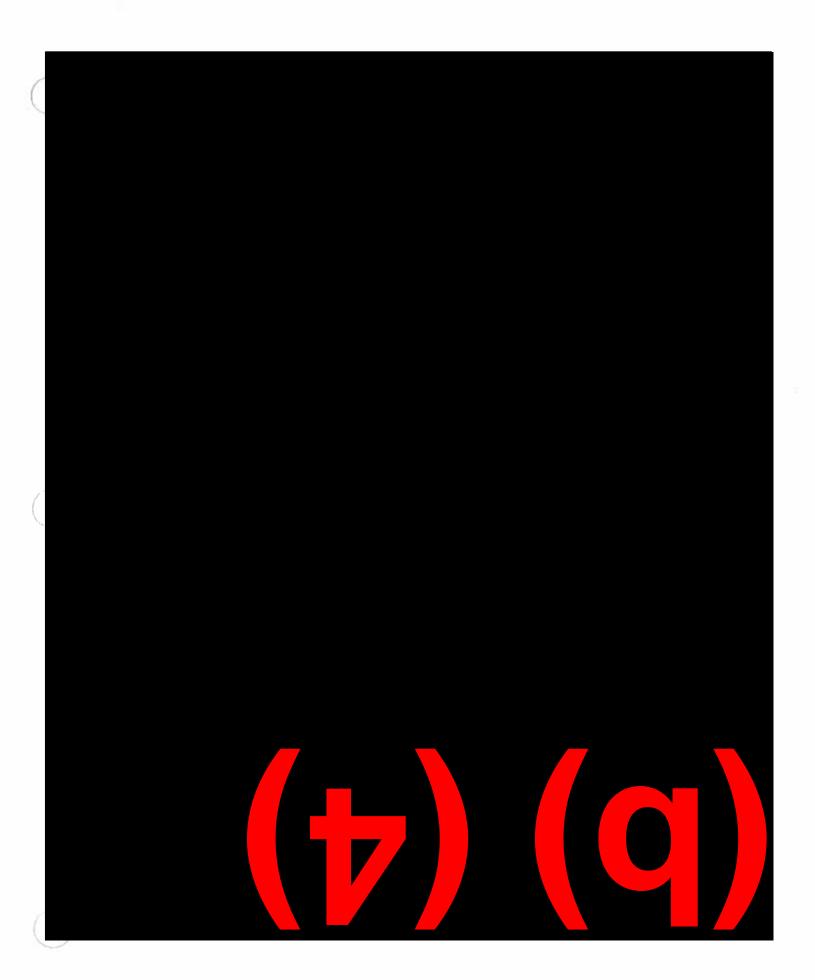


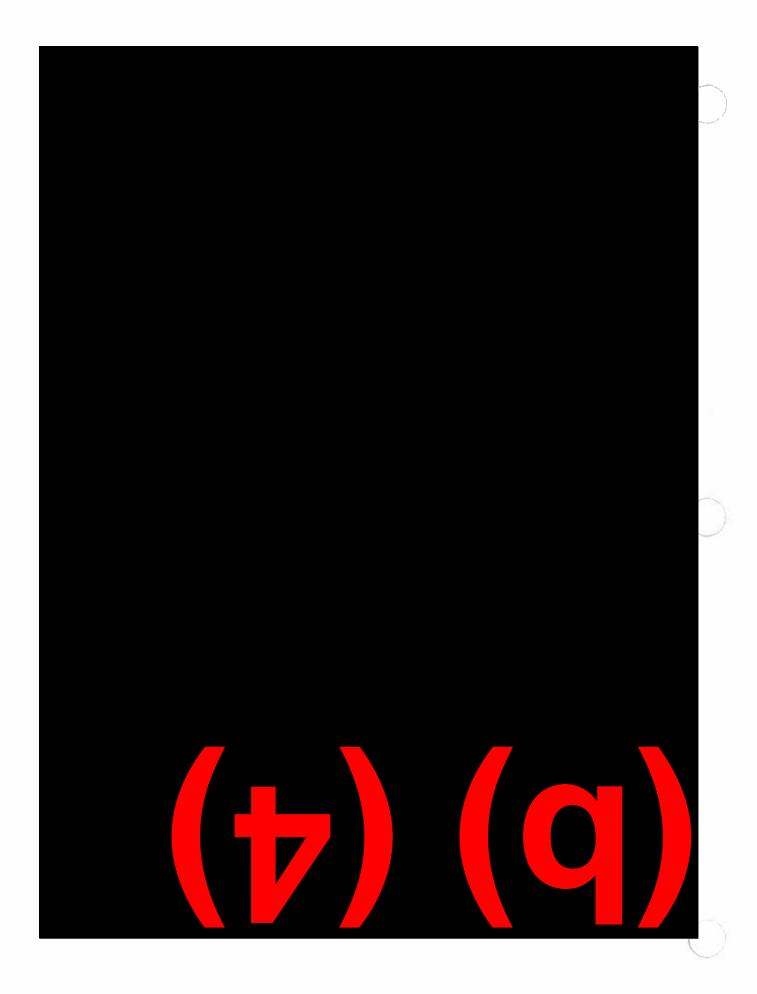


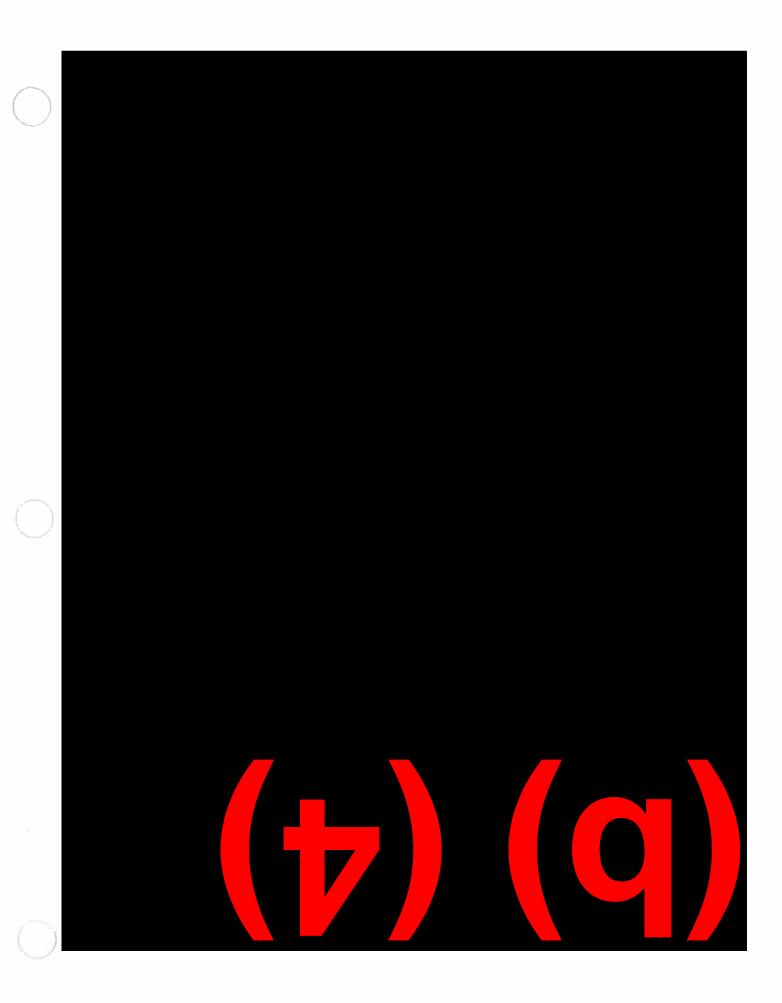


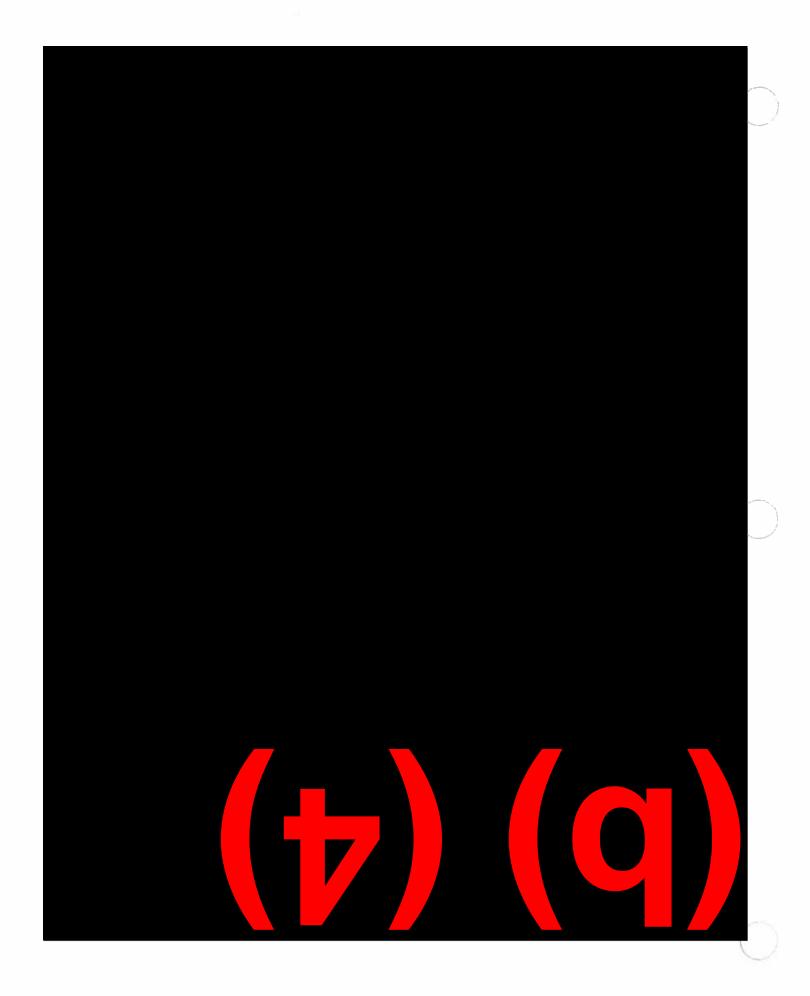


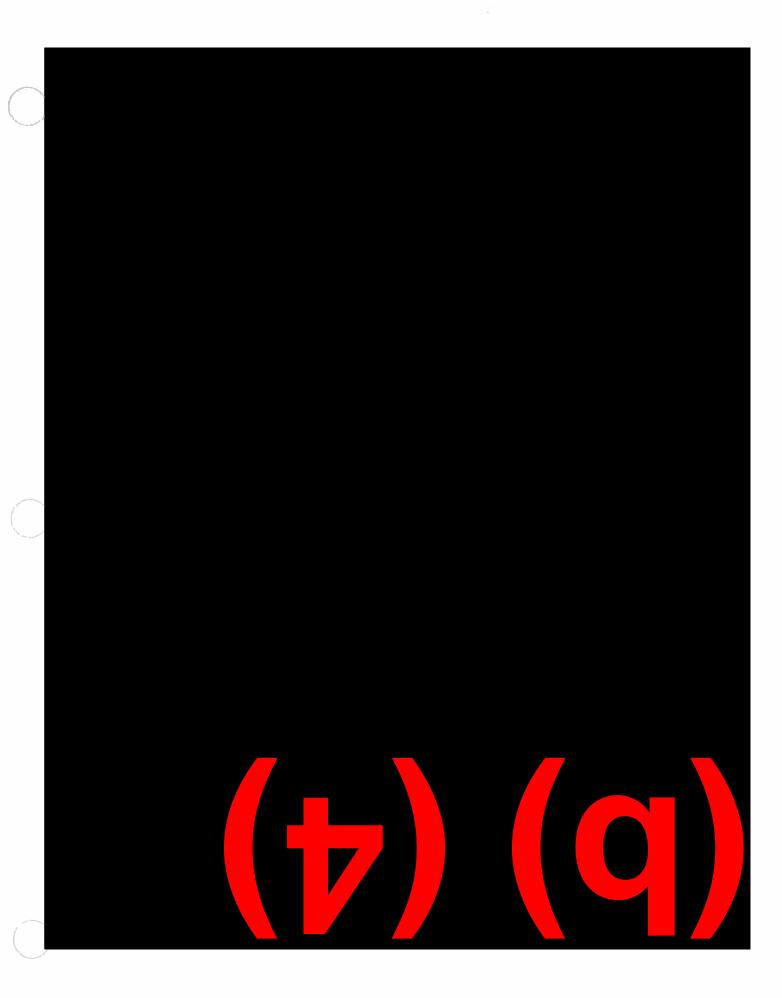


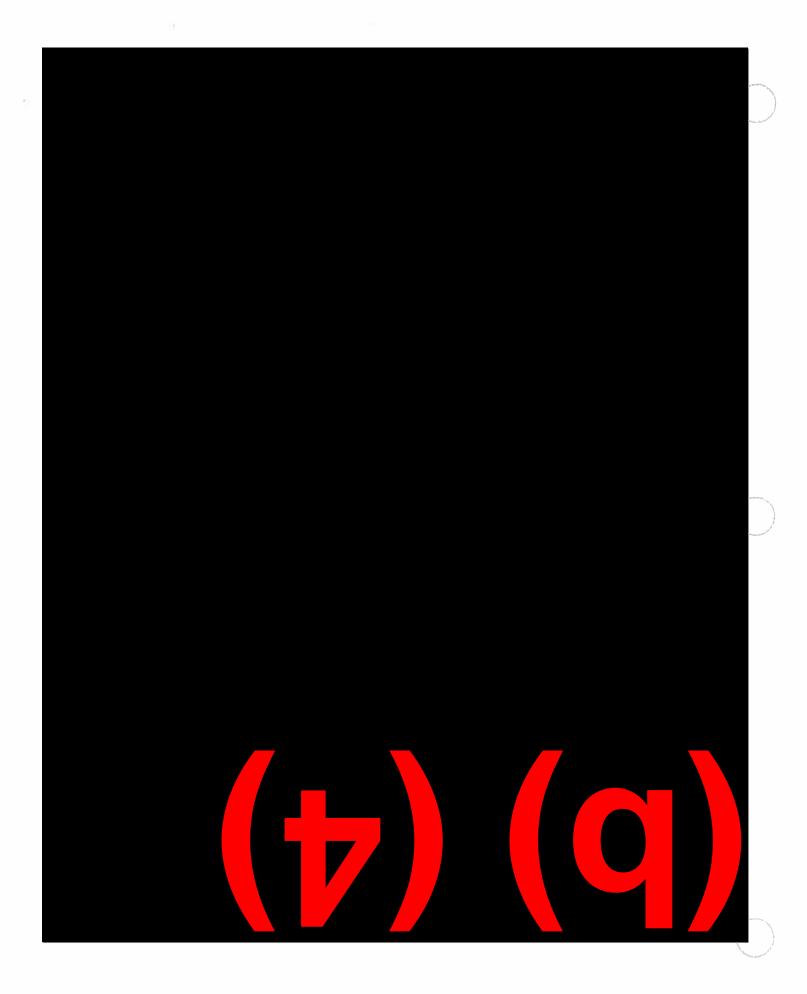


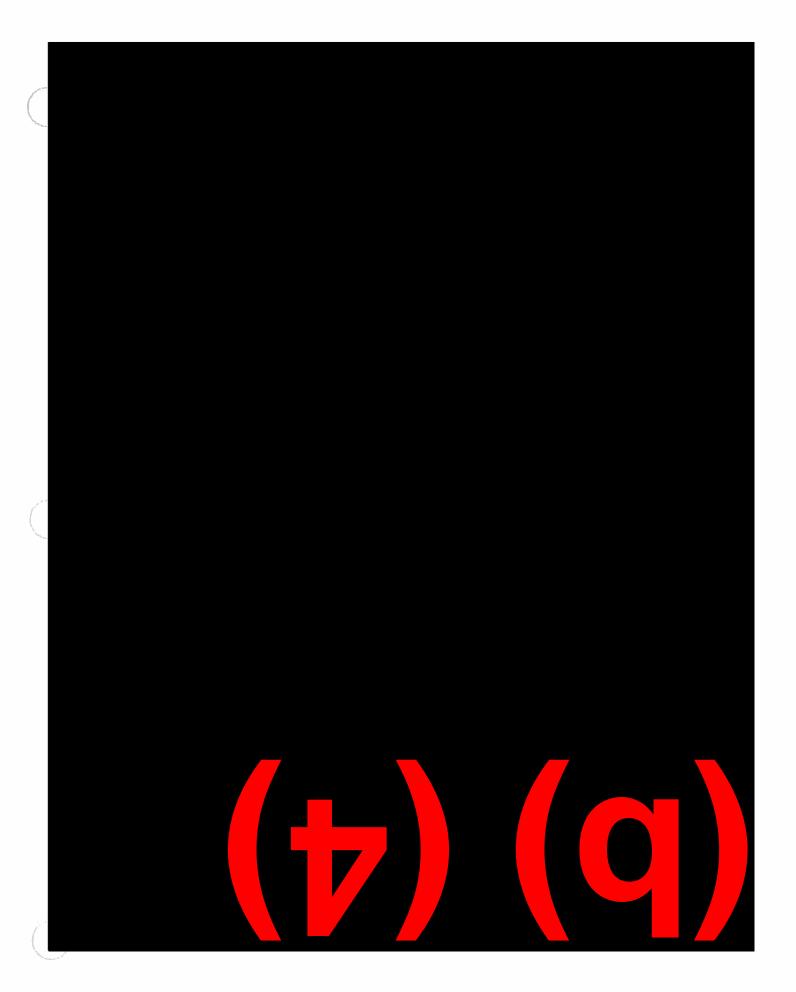


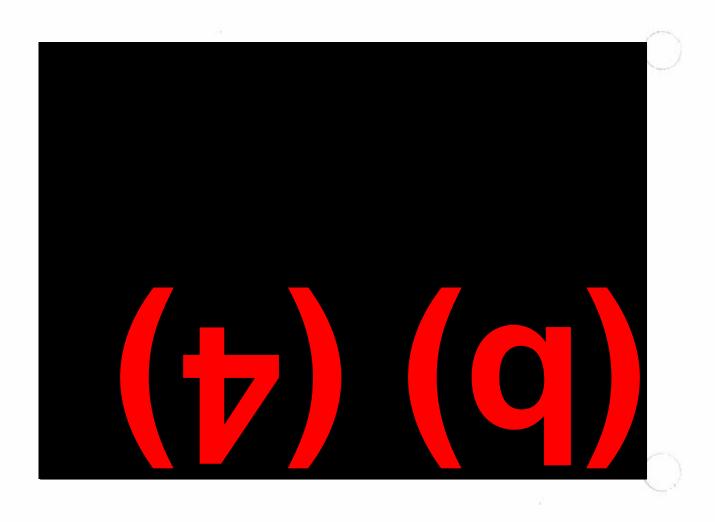












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Exhibit 13

Letter from Kevin Terry

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Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

You may verify this certificate online at corp.delaware.gov/authver.shtml

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DATE: 06-30-11

AUTHENTACATION: 8876464

KENT COUNTY RECORDER OF DEEDS.

Y LITED COBY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE OF JUNE, A.D. ZOII, AT II O'CLOCK A.M. OLLICE WEWBEY COYP", FILED IN THIS OFFICE ON THE THIRTIETH DAY COBX OE THE CERTIFICATE OF INCORPORATION OF TRUMP OLD POST DETYMYKE' DO HEKEBA CEKLIEK LHE YLLYCHED IZ Y LKGE VND COKKECL I' DEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF

STDUDDISQ.

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State of Delaware Secretary of State Division of Corporations Delivered 11:00 AM 06/30/2011 FILED 11:00 AM 06/30/2011 SEV 110780826 - 5005098 FILE

STATE FINCORPORATION A STOCK CORPORATION A STOCK CORPORATION

TRUMP OLD POST OFFICE MEMBER CORP

- First: The name of this Corporation is Trump Old Post Office Member Corp
- Second: Its registered office in the State of Delayare is to be located at 160 Greentee Drive, Suite #101 Street, in the City of Dover County of Kents, Inc.

 The registered agent in charge thereof is Mational Registered Agents, Inc.
- Third: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.
- Fourth: The amount of the total stock of this corporation is authorized to issue is $\underline{100}$ shares (number of authorized shares) with a par value of $\underline{0}$ per share.
- Fifth: The name and mailing address of the incorporator are as follows:

Name <u>David Orowicz</u>

Mailing Address <u>725 Fifth Avenue</u>

Mailing Address 725 Fifth Avenue

• I, The Undersigned, for the purpose of forming a corporation under the laws of facts herein stated are true, and I have accordingly hereunto set my hand this of June, A.D. 2011.

(Incorporator)

MAME: David Orowitz

BX-LAWS

 \mathbf{OE}

TRUMP OLD POST OFFICE MEMBER CORP

(A Delaware Corporation)

ARTICLE 1

Ziockholders

Section 1. <u>Place of Meetings</u>. Meetings of stockholders shall be held at such place, either within or without the State of Delaware, as shall be designated from time to time by the Chairman of the Board of Directors, President or Secretary.

Section 2. Annual Meetings. Annual meetings of stockholders shall be held on such date, at such time and at such place as shall be designated from time to time by the Chairman of the Board of Directors, President or Secretary. At each annual meeting the stockholders shall elect a Board of Directors by plurality vote and transact such other business as may be properly brought before the meeting.

Section 3. <u>Special Meetings</u>. Special meetings of the stockholders may be called by the Chairman of the Board of Directors, President or Secretary of the corporation.

Section 4. <u>Notice of Meetings</u>. Written notice of each meeting of the stockholders stating the place, date and hour of the meeting shall be given by or at the direction of the Board of Directors to each stockholder entitled to vote at the meeting at least ten, but not



more than sixty, days prior to the meeting. Notice of any special meeting shall state in general terms the purpose or purposes for which the meeting is called.

Section 5. <u>Quorum: Adjournments of Meetings</u>. The holders of a majority of the issued and outstanding shares of the capital stock of the corporation entitled to vote at a meeting, present in person or represented by proxy, shall constitute a quorum, the holders of a majority of the stock so present or represented may adjourn the meeting to another time or place, from time to stock so present or represented may adjourn the meeting may be held, as adjourned, without time, until a quorum shall be present, whereupon the meeting may be transacted thereat which further notice, except as required by law, and any business may be transacted thereat which might have been transacted at the meeting as originally called.

Section 6. Voting. At any meeting of the stockholders every registered owner of

shares entitled to vote may vote in person or by proxy and, except as otherwise provided by statute, in the Certificate of Incorporation or these By-Laws, shall have one vote for each such share standing in his name on the books of the corporation. Except as otherwise required by statute, the Certificate of Incorporation or these By-Laws, all elections of Directors shall be decided by a plurality of votes cast, and all other matters shall be decided by a plurality of votes cast, and all other matters shall be decided by a plurality of votes cast, and all other matters shall be decided by a plurality of votes cast, and all other matters shall be decided by a plurality of votes cast.

Section 7. Inspectors of Election. The Board of Directors, or, if the Board shall

not have made the appointment, the Chairman or Secretary presiding at any meeting of stockholders, shall have power to appoint one or more persons to act as inspectors of election at

the meeting or any adjournment thereof, but no candidate for the office of Director shall be appointed as an inspector at any meeting for the election of Directors.

Section 8. Chairman of Meetings. The Chairman of the Board or, in his absence,

the President or Secretary shall preside as Chairman of a meeting of the stockholders. In the absence of both the Chairman of the Board and the President, a majority of the members of the Board of Directors present in person at such meeting may appoint any other person to act as Chairman of the meeting.

Secretary of all meetings of the stockholders. In the absence of the Secretary, the Chairman of the meeting shall appoint any other person to act as Secretary of the meeting.

Section 10. <u>Stockholders' Action Without Meetings</u>. Any action required or permitted to be taken at any meeting of the stockholders, and such written consent thereto is signed by all the stockholders, and such written consent is filed with the minutes of proceedings of the stockholders.

ARTICLE II

Board of Directors



Section 1. <u>Number of Directors</u>. The number of Directors shall be as determined from time to time by the Board of Directors or the stockholders. The initial number of Directors

shall be 1.

Section 2. <u>Vacancies</u>. Whenever any vacancy shall occur in the Board of Directors by reason of death, resignation, removal, increase in the number of Directors or otherwise, it may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, for the balance of the term or, if the Board has not filled such vacancy, it may be filled by the stockholders.

Section 3. First Meeting. The first meeting of each newly elected Board of Directors, of which no notice shall be necessary, shall be held immediately following the annual meeting of stockholders or any adjournment thereof at the place the annual meeting of stockholders was held at which such Directors were elected, or at such other place as a majority of the members of the newly elected Board of Directors who are then present shall determine, for the election or appointment of a Chairman of the Board of Directors and Officers for the ensuing year and the transaction of such other business as may be brought before such meeting.

Section 4. Regular Meetings. Regular meetings of the Board of Directors, other than the first meeting, may be held without notice at such times and places as the Board of Directors may from time to time determine.

Section 5. Special Meetings. Special meetings of the Board of Directors may be

Certificate of Incorporation or these By-Laws, any and all business may be transacted at any each Director. Except as otherwise specified in the notice thereof, or as required by statute, the telegraphing or delivering personally the same at least twenty-four hours before the meeting to the meeting by mailing the same at least three days before the meeting or by telephoning, place of each special meeting shall be given by or at the direction of the person or persons calling called by order of the Chairman of the Board, President or Secretary. Notice of the time and

member is at such place while participating in the meeting. be deemed to have been held at the place designated for such meeting, provided that at least one shall participate by means of conference telephone or similar communications equipment shall of the members of the Board of Directors or of a committee designated by the Board of Directors Section 6. Place of Conference Call Meeting. Any meeting at which one or more

special meeting of the Board of Directors.

in his absence, the presiding Officer may appoint any person to act as Secretary of the meeting. the Directors present. The Secretary of the corporation shall act as Secretary of the meeting but, the Chairman of the Board and the President, a presiding Officer shall be chosen by a majority of presided over by the Chairman of the Board, or, in his absence, the President. In the absence of Section 7. Organization. Every meeting of the Board of Directors shall be

constitute a quorum for the transaction of business, but less than a quorum may adjourn any Section 8. Quorum: Vote. A majority of the total number of Directors shall



meeting to another time or place from time to time until a quorum shall be present, whereupon the meeting may be held, as adjourned, without further notice. Except as otherwise required by statute, the Certificate of Incorporation or these By-Laws, all matters coming before any meeting of the Board of Directors shall be decided by the vote of a majority of the Directors present at the

Section 9. Removal of Directors. Any one or more of the Directors shall be subject to removal with or without cause at any time by the stockholders.

mecting, a quorum being present.

Section 10. Committees. Except as otherwise required by statute, the Certificate

of Incorporation or these By-Laws, the Board of Directors may, by resolution passed by a majority of the Board of Directors, designate one or more committees, each committee to consist of two or more Directors. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committees, the member or members thereof present at any meetings and not disqualified from voting, whether or members thereof present at any meetings and not appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member of the Board of Directors, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the corporation with the exception of Directors in the management of the business and affairs of the corporation with the delegation of which is prohibited by Section 141 of the General Corporation of Law of the State of Delaware ("Delaware General Corporation Law"), the Certificate of

Incorporation or these By-Laws, and may authorize the seal of the corporation to be affixed to all

papers which may require it.

Section 11. <u>Directors' Action Without Meetings.</u> Any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if a written consent thereto is signed by all members of the Board of Directors or such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board of Directors or committee.

VKTICLE III

Officers

Section 1. <u>General</u>. The Board of Directors shall elect the Officers of the corporation, which shall include a Chairman of the Board, a President, a Secretary and a Treasurer and such other or additional Officers (including, without limitation, one or more Senior Vice Presidents, Vice Presidents, Assistant Secretaries and Assistant Treasurers) as the Board of Directors may designate.

Section 2. Term of Office: Removal and Vacancy. Each Officer shall hold his office until his successor is elected and qualified or until his earlier resignation or removal. Any Officer shall be subject to removal with or without cause at any time by the Board of Directors. Vacancies in any office, whether occurring by death, resignation, removal or otherwise, may be filled by the Board of Directors.



Section 3. <u>Powers and Duties</u>. Each of the Officers of the corporation shall, unless otherwise ordered by the Board of Directors, have such powers and duties as generally pertain to his respective office as well as such powers and duties as from time to time may be conferred upon him by the Board of Directors.

Section 4. <u>Power to Vote Stock.</u> Unless otherwise ordered by the Board of Directors, the Chairman of the Board and the President each shall have full power and authority on behalf of the corporation to attend and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and may exercise on behalf of this such powers incident to the ownership of such stock at any such meeting and shall have power and authority to execute and deliver proxies, waivers and such meeting and shall have power and authority to execute and deliver proxies, waivers and consents on behalf of the corporation in connection with the exercise by the corporation of the rights and powers incident to the ownership of such stock. The Board of Directors, from time to tights and powers incident to the ownership of such stock. The Board of Directors, from time to tights and powers incident to the ownership of such stock. The Board of Directors, from time to

ARTICLE IV

Capital Stock

Section 1. <u>Certificates of Stock</u>. Certificates for stock of the corporation shall be in such form as the Board of Directors may from time to time prescribe and shall be signed by the Chairman of the Board or a Vice Chairman of the Board or the President and by the Treasurer or an Assistant Treasurer or the Secretary or an Assistant Secretary.

Section 2. <u>Transfer of Stock</u>. Shares of capital stock of the corporation shall be transferable on the books of the corporation only by the holder of record thereof, in person or by duly authorized attorney, upon surrender and cancellation of certificates for a like number of shares, with an assignment or power of transfer endorsed thereon or delivered therewith, duly executed, and with such proof of the authenticity of the signature and of authority to transfer, and executed, and with such proof of the authenticity of the signature and of authority to transfer, and of payment of transfer taxes, as the corporation or its agents may require.

Section 3. Ownership of Stock. The corporation shall be entitled to treat the holder of record of any share or shares of stock as the owner thereof in fact and shall not be bound to recognize any equitable or other claim to or interest in such shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

ARTICLE V

Miscellaneous

Section 1. Corporate Seal. The seal of the corporation shall be circular in form and shall contain the name of the corporation and the year and State of incorporation.

Section 2. Fiscal Year. The fiscal year of the Corporation shall end on the 31st of December unless otherwise determined by the Board of Directors.



ARTICLE VI

<u>Amendment</u>

The Board of Directors shall have the power to make, after or repeal the By-Laws or altered by the Board of Directors.

ARTICLE VII

Indemnification

Section 1. It being the intent of the corporation to provide maximum protection available under Section 145 of the General Corporation Law of Delaware, as it may be amended and supplemented, to its Officers and Directors and each person who serves or served as an officer or director of any other corporation, partnership, joint venture, trust or other centerprise at the request of the corporation and may indemnify any and all other persons whom it has the power to indemnify under that section from and against any and all of the expenses, provided for herein will not be deemed exclusive of any other rights to which any person indemnified may be entitled under any agreement, vote of stockholders or disinterested directors or otherwise, both as to action in their official capacity and as to action in another capacity while holding that office, and will continue as to a person who has ceased to be a Director or Officer and will innee to the benefit of the heirs, executors, and administrators of such a person. The and will innee to the benefit of the heirs, executors, and administrators of such a person. The indemnification provided by this Article VII shall apply as written to acts or omissions of

persons covered by this Article occurring prior to any amendment of these By-Laws, notwithstanding any such amendment.



OF MANAGER MKILLEN CONSENL

TRUMP OLD POST OFFICE LLC OF

(a Delaware Limited Liability Company)

January 19, 2017

of the following resolutions: of the Company, dated as of December 31, 2013, does hereby consent in writing to the adoption Act, in accordance with the Second Amended and Restated Limited Liability Company Agreement limited liability company organized and existing under the Delaware Limited Liability Company The undersigned, being the Manager of Trump Old Post Office LLC (the "Company"), a

and qualification of their successor: name, to hold such office(s) at the pleasure of the Manager of the Company or until the due election RESOLVED, that the following persons are hereby elected to the office set opposite their

<u>Office</u>

gradlessiaW nallA

Vice President, Treasurer and Secretary President

Donald J. Trump, Jr.

Name

obligate the Company to pay any consideration in excess of thirty thousand dollars (\$30,000.00). Company, which Contracts shall have a term no greater than two (2) years and which shall not modifications thereto as are necessary to ensure the continued provision of services to the ancillary thereto, in respect of the operation of the Company, and such amendments, changes and Company's business and (ii) service contracts or agreements with third parties, and documents and delivered all (i) correspondence with respect to the routine day to day operations of the behalf of, the Company, the above listed officers to execute and deliver or cause to be executed FURTHER RESOLVED, that the Company authorizes and directs in the name of, and on

SIGNATURE PAGE FOLLOWS

FURTHER RESOLVED, that all actions taken by the above listed officers of the Company, whether before, on or after the date hereof, in the name and on behalf of the Company are hereby ratified, confirmed and approved in all respects.

IN WITNESS WHEREOF, the undersigned Manager has executed this Written Consent as of the date first set forth above.



WRITTEN CONSENT

OF DIRECTORS

7102, 91 Yraunat

The undersigned, being all of the Directors of Trump Old Post Office Member Corp, a Delaware corporation (the "Corporation"), hereby adopt, by this written consent (this "Written Consent"), the following resolutions with the same force and effect as if they had been unanimously adopted at a duly convened meeting of the Board of Directors of each Corporation:

RESOLVED, that the following individuals are hereby elected to the offices set opposite their names, to hold such offices at the pleasure of the Board of Directors of the Corporation or until the due election and qualification of their successor(s):

<u>Office</u>

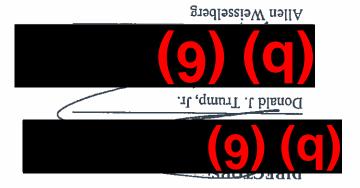
Name

President Vice President, Treasurer and Secretary

Donald J. Trump, Jr. Allen Weisselberg

FURTHER RESOLVED, that all actions heretofore taken by the officers of the Corporations in the name and on behalf of the Corporations are hereby ratified, confirmed and approved in all respects.

IN WITNESS WHEREOF, the undersigned have executed this Written Consent as of the date first set forth above.



MEILLEN CONSENT

DIL HOFDINGS FFC Ok

(a Delaware Limited Liability Company)

7102, 21 Yraunal

The undersigned, being the manager of DJT Holdings LLC (the "Company"), a limited liability company organized and existing under the Delaware Limited Liability Company Act, does hereby consent in writing to the adoption of the following resolutions:

RESOLVED, that the election of the following persons to the office set opposite their name, as reflected in resolutions of the Company dated January 13, 2017, is hereby ratified and confirmed, with such officers to hold such office at the pleasure of the manager of the Company or until the due election and qualification of their successor:

Office President Vice President and Treasurer <u>Mame</u> Donald J. Trump, Jr. Allen Weisselberg

RESOLVED, that Allen Weisselberg is hereby elected to the office of Secretary of the Company, to hold such office at the pleasure of the manager of the Company or until the due election and qualification of his successor.

RESOLVED, that all actions taken by the above listed officers, whether before, on or after the date hereof, in the name and on behalf of the Company are hereby ratified, confirmed and approved in all respects.

IN WITNESS WHEREOF, the undersigned manager has executed this Written Consent as of the date first set forth above.

a Delaware limited liability company

By: DIT Holdings Managing Member LLC,



METLLEN CONSENL

OŁ

DIT HOLDINGS MANAGING MEMBER LLC

(a Delaware Limited Liability Company)

7102, 21 Yraunal

The undersigned, being the sole member of DJT Holdings Managing Member LLC (the "Company"), a limited liability company organized and existing under the Delaware Limited Liability Company Act (the "Act"), in accordance with Section 18-302(d) of the Act:

DOES HEREBY CONSENT IN WRITING to the adoption of the following

resolutions:

RESOLVED, that the following persons are hereby elected to the office set opposite their name, to hold such office at the pleasure of the member of the Company or until the due election and qualification of their successor:

Office President Vice President, Treasurer and Secretary <u>Name</u> Donald J. Trump, Jr. Allen Weisselberg

RESOLVED, that all actions taken by the above listed officers, whether before, on or after the date hereof, in the name and on behalf of the Company are hereby ratified, confirmed and approved in all respects.

IN WITNESS WHEREOF, the undersigned member has executed this Written Consent as of the date first set forth above.

a Delaware limited liability company DJT HOLDINGS MANAGING MEMBER LLC,

By: The Donald J. Trump Revocable Trust

Asme: Donald J. Trump, Jr.

Title: Trustee

Name: Allen Weisselberg

Title: Trustee

Summary of Contribution and Distribution Provisions of Second Amended and Restated Limited Liability Agreement of Trump Old Post Office LLC ("OPO")

Contributions. Section 2.1 of the Second Amended and Restated Limited Liability Agreement of Trump Old Post Office LLC (the "OPO Agreement") provides for contributions. Contributions are not required or permitted without the unanimous consent of OPO Managing Member and DJT Holdings LLC ("Holdings"). Holdings is required to fund all required contributions, unless other Members elect to participate by making a portion of the required contribution. Generally, any other Member can elect to make all or part of a required contribution, but if Members subscribe for more than the total required contribution, then OPO Managing Member can apportion the subscriptions so that an oversubscribing Member can contribute at least a portion of the contribution that corresponds to that Member's Percentage contribute at least a portion of the contribution that corresponds to that Member's Percentage Interest in OPO.

Distributions. Section 3.2 of the OPO Agreement provides for two types of distributions: distributions that are made from the proceeds of capital transactions (e.g., sales and loans) and ordinary distributions. Distributions of the proceeds of capital transactions are made in proportion to the Members' relative unrecovered capital contribution balances, which are the Member's contributions compounded by an amount computed like 4% interest.

Distributions that are not sourced to capital transactions are made in proportion to the Members' percentage interests.



General Summary of the Capital Account and Distribution Provisions of The Limited Liability Company Agreements

Capital Accounts. Section 2.3 of the agreements provide that capital accounts are maintained for each member. Capital accounts are increased to reflect contributions, profits, and other amounts that are required to be credited in accordance with the Internal Revenue Code of 1986, as amended (the "Code") and the Treasury Regulations promulgated thereunder (the "Regulations."). Capital accounts are decreased to reflect distributions, losses, and other amounts that are required to be debited in accordance with the Code and the Regulations.

Distributions. Section 3.2 of the agreements provide that distributions shall be made from the funds of the company that the manager determines are available for distribution after setting aside such amounts as the manager deems advisable to retain for any company purpose. Distributions shall be made to the members in proportion to their percentage interests.

I, Ivanka Trump, hereby resign from each and every office and position I hold in the entities listed on $\overline{\text{Exhibit A}}$ hereto. My resignation shall be effective immediately.

DATED this 18 day of January 2017



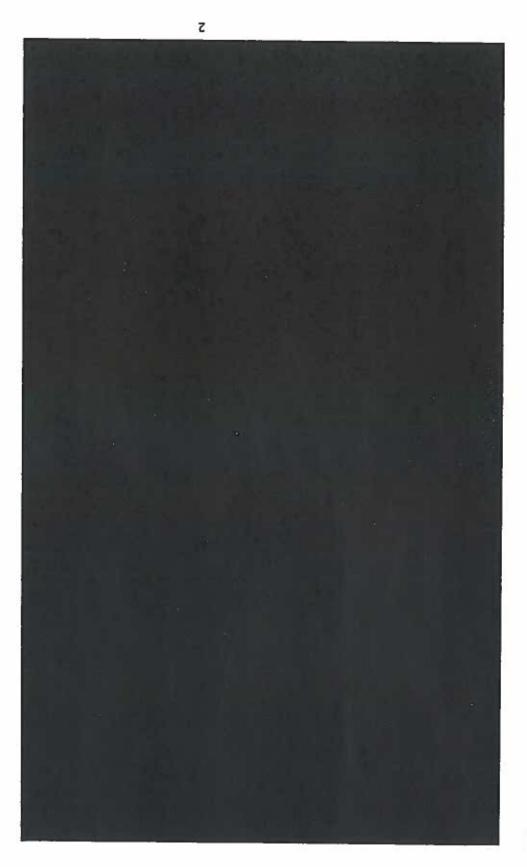
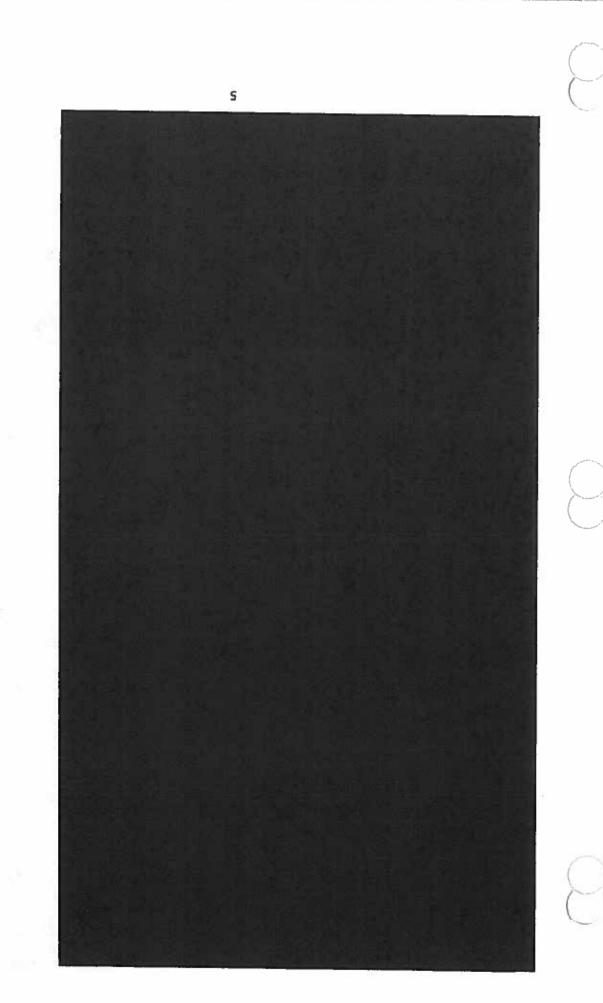
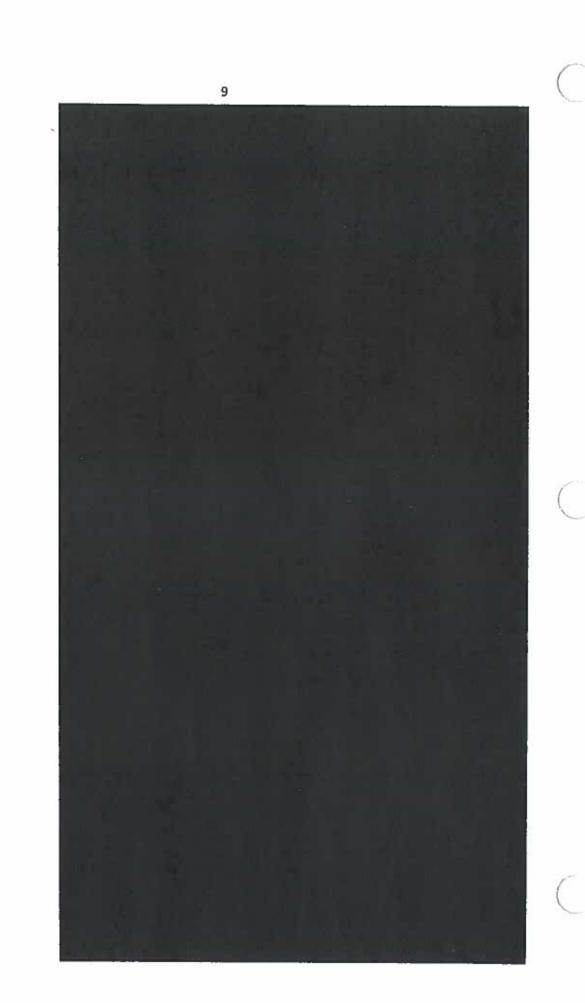


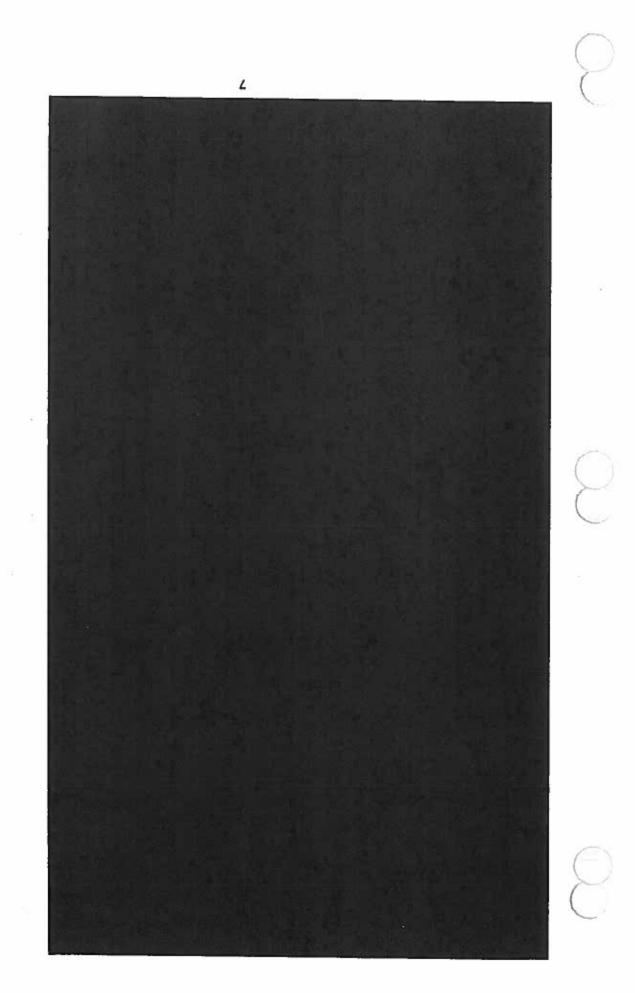
Exhibit A

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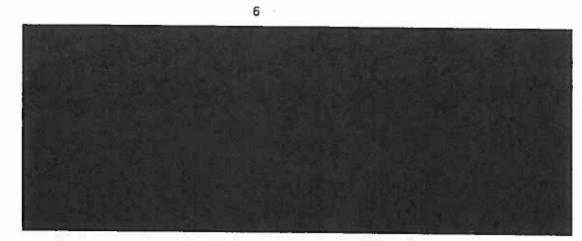




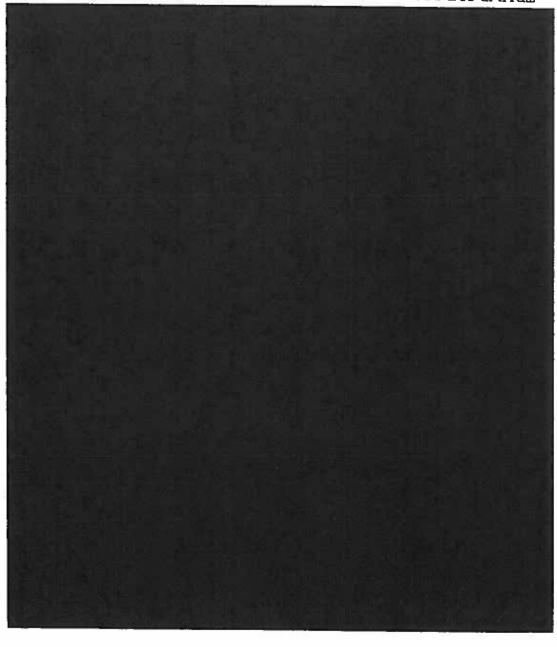


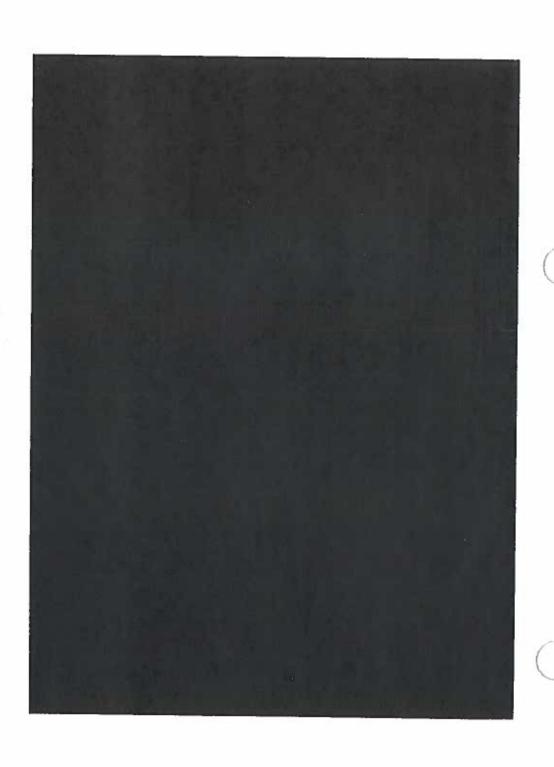




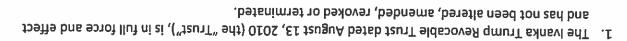


TRUMP OLD POST OFFICE LLC





SUMMARY OF THE IVANKA TRUMP REVOCABLE TRUST TERMS



- 2. Ivanka Trump, of New York, New York, is the Donor of the Trust.
- 3. Ivanka Trump is the current Trustee (the "Trustee") of the Trust.
- 4. There are no other current Trustees.
- 5. The purpose of the Trust is to hold assets for the exclusive benefit of Ivanka Trump.
- 6. Donald J. Trump is not a beneficiary of the Trust.
- 7. The Trustee has all the powers contained under New York law.
- 8. The Trust uses Ivanka Trump's social security number as the taxpayer identification number.
- 9. There are no facts which constitute conditions precedent to acts by the Trustee or which are in any other manner germane to affairs of the Trust.





SUMMARY OF THE ERIC F. TRUMP REVOCABLE TRUST TERMS

- 1. The Eric F. Trump Revocable Trust 2015 dated June 5, 2015 (the "Trust"), is in full force and effect and has not been altered, amended, revoked or terminated.
- 2. Eric F. Trump, of New York, New York, is the Donor of the Trust.
- 3. Eric F. Trump is the current Trustee (the "Trustee") of the Trust.
- 4. There are no other current Trustees.
- 5. Donald J. Trump is not a beneficiary of the Trust.
- 6. The purpose of the Trust is to hold assets for the exclusive benefit of Eric F. Trump.
- 7. The Trustee has all the powers contained under New York law.
- 8. The Trust uses Eric F. Trump's social security number as the taxpayer identification number.
- 9. There are no facts which constitute conditions precedent to acts by the Trustee or which are in any other manner germane to affairs of the Trust.

SUMMARY OF THE DONALD J. TRUMP JR. REVOCABLE TRUST TERMS

- 1. The Donald J. Trump Jr. Revocable Trust dated October 5, 2015 (the "Trust"), is in full force and effect and has not been altered, amended, revoked or terminated.
- 2. Donald J. Trump, Jr., of New York, New York, is the Donor of the Trust.
- 3. Donald J. Trump, Jr. is the current Trustee (the "Trustee") of the Trust.
- 4. There are no other current Trustees.
- 5. The purpose of the Trust is to hold assets for the exclusive benefit of Donald J. Trump, Jr.
- 6. Donald J. Trump is not a beneficiary of the Trust.
- λ . The Trustee has all the powers contained under New York law.
- 8. The Trust uses Donald J. Trump, Jr.'s social security number as the taxpayer identification number.
- 9. There are no facts which constitute conditions precedent to acts by the Trustee or which are in any other manner germane to affairs of the Trust.





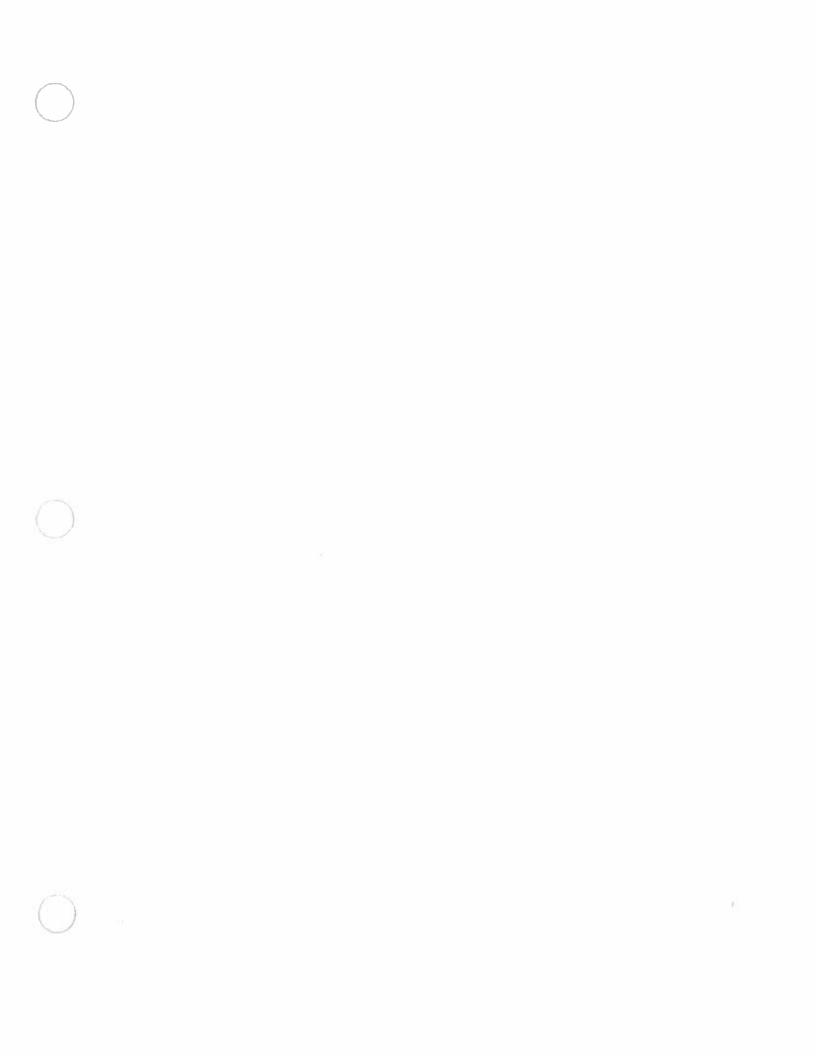




Exhibit 14

Letter from Kevin Terry

to

Donald J. Trump, Jr.

dated

March 23, 2017

Lease Number GS-LS-116-1307

(Old Post Office, Washington, D.C.)

		٥	

CERTIFICATION OF TRUSTEE

- 1. The Donald J. Trump Revocable Trust dated April 7, 2014, as most recently amended by a Second Amendment dated January 17, 2017 (the "Trust"), is in full force and effect and has not been altered, further amended, revoked or terminated.
- 2. Donald J. Trump, of New York, New York, is the Donor of the Trust.
- 3. Donald J. Trump, Jr. and Allen Weisselberg are the current Trustees (collectively, the "Trustees") of the Trust and were appointed Trustees on January 19, 2017.
- 4. Eric F. Trump is the Chairman of the Advisory Board of the Trust and was appointed on the same date.
- 5. The Trustees have appointed an Ethics Advisor whose approval is a condition precedent to the Trust taking certain actions.
- 6. There are no other current Trustees other than those listed in the preceding <u>Section 3</u>.
- 7. The purpose of the Trust is to hold assets for the benefit of Donald J. Trump.
- 8. The Trustees must act unanimously and in consultation with the Chairman of the Advisory Board to manage the Trust property.
- 9. The Trustees shall distribute net income or principal to Donald J. Trump at his request, as the Trustees deem necessary for his maintenance, support or uninsured medical expenses, or as the Trustees otherwise deem appropriate.
- 10. The Trustees shall not provide any report to Donald J. Trump on the holdings and sources of income of the Trust.
- 11. The Trustees have all the powers contained under New York law. Notwithstanding the foregoing, the Trustees are subject to certain restrictions and limitations with respect to certain transactions and actions made on behalf of the Trust, and the Trustees hereby represent and warrant that they have complied with and shall continue to comply with such restrictions and limitations.
- 12. Any person may rely conclusively on the facts stated in a certificate signed by any Trustee.

Signed and scaled under pains and penalties of perjury on February 10, 2017.

(a) (d)

Allen Weisselberg, Trustee of Trust Donald J. Trump Revocable Trust

Donald J. Trump, Jr., Trustee of The Donald J. Trump Revocable Trust

COUNTY OF NEW YORK STATE OF NEW YORK

2014, personally known to me to be the person whose name is signed on this document, and appeared Donald J. Trump, Jr., Trustee of The Donald J. Trump Revocable Trust dated April 7, On this 10th day of February 2017, before me, the undersigned notary public, personally

acknowledged to me that he signed it voluntarily for its stated

Notary Public

ALAN GARTEN

Notary Public, State of New York
No. 02GA6021578

Qualified in Nassau County

Commission Expires on March 15, 20

COUNTY OF NEW YORK STATE OF NEW YORK

acknowledged to me that he signed it voluntarily for its stated purpose as Trustee as aforesaid. 2014, personally known to me to be the person whose name is signed on this document, and appeared Allen Weisselberg, Trustee of The Donald J. Trump Revocable Trust dated April 7, On this 10th day of February 2017, before me, the undersigned notary public, personally

Мотагу Public

Motary Public, State of New York
No. 02GA6021578
Qualified in Nassau County
Commission Expires on March 15, 20, **NATRAD MAJA**



Exhibit 15

to
Donald J. Trump, Jr.
dated

March 23, 2017

Lease Number GS-LS-116-1307

Letter from Kevin Terry

(Old Post Office, Washington, D.C.)



March 3, 2017

Via Email

Trump Old Post Office LLC c/o The Trump Organization 725 Fifth Avenue, 25th Floor New York 10022 Attn: Donald J. Trump, Jr.

Re: Response to letter dated February 17, 2017

Dear Mr. Trump,

I am in receipt of a letter from your attorney dated February 17, 2017, setting forth the position of Trump Old Post Office LLC on how its organizational structure complies with the Lease, especially Section 37.19. The February 17 letter concludes by stating that "[t]o the extent that GSA has any remaining concerns, Tenant stands ready to continue our dialogue and address those concerns." To that end, I have requested that representatives from the GSA Office of General Counsel schedule a meeting with your attorneys to further discuss the remaining

I will not be attending the meeting. Please feel free to call me at (202) 708-4600.

Sincerely,

Kevin M. Terry

Kevin M. Terry

Contracting Officer

cc: Eric F. Trump
Paula DeMuth, Esq.
Tim Tozer, Esq.
Sheri Dillon, Esq.

<u>Management Decision Record for Internal Audit (Performance or Financial Audit)</u> (For additional information see GSA Order ADM P 2030.2D)

A.	Audit Report Data:						
	Report Number: A160037/Q/3/P17001 Report Date: March 21, 2017 Region: JA-3						
	Report Title: Audit of Price Evaluations and Negotiations for the Professional Services Schedule Contracts						
		ober of Non-Monetary ommendations: 3	Number of Monetary Recommendations (Fill in Below):				
	Dollars Audited: \$						
	Questioned Costs: Total A	Amount: \$	Unsupported Amount: \$				
	Funds Put to Better Use: ² Total A	Amount: \$	Unsupported Amount: \$				
В.	Management Decision: Due By:	MAY 22, 2017					
	Non-Monetary Recommendations: A management decision is needed as follows:						
	If you <i>agree</i> with the non-monetary recommendations, initial here, attach a management determination and action plan.						
	If you <i>disagree</i> , in full or in part, with the non-monetary recommendations, initial here, attach the basis for your disagreement and provide supporting materials.						
	Monetary Recommendations:						
	If you <i>fully agree</i> with the monetary recommendations, initial here ³ , attach a management determination and action plan.						
	If you <i>fully disagree</i> with the monetary recommendations, initial here ⁴ , attach the basis for your disagreement and provide supporting materials.	If you <i>partially disagree</i> with the monetary recommendations, initial below ⁵ to indicate whether you disagree with the Questioned Costs and/or Funds Put to Better Use, attach the basis for your disagreement and provide supporting materials.					
	provide supporting materials.	Questioned Costs	Funds Put to Better Use				
	Regional Management Decision:		Date:				
	HSSO Management Decision:		Date:				
		on (H1G) and the audit m	anagement Decision Record and action plan to the nanager. If applicable, attach the basis for your				
<i>C</i> .	OIG Response to Management De	cision:					
	If you <i>fully agree</i> , initial here , sign below, and send to JAO.						
	If you <i>fully disagree</i> , initial here or <i>partially disagree</i> , initial here, send to JAO (do not sign) along with an explanation of your disagreement. If applicable, send a Form 3 to JAO indicating a revised management decision amount.						
	OIG Signature:		Date:				

Page 1 of 3

Footnotes:

- ¹ Questioned Costs pertain to recommendations that represent expended funds that the agency should seek to recover. The Unsupported Amount is the portion of the Total Amount that is not supported by adequate documentation.
- ² Funds Put to Better Use pertain to recommendations that represent the avoidance of unnecessary future expenditures. The Unsupported Amount is the portion of the Total Amount that is not supported by adequate documentation.
- ³ Your initials represent agreement with the calculation of the auditor's Questioned Costs and/or Funds Put to Better Use, and your intent to either take action to recover the monies owed the Government or avoid the spending of unnecessary future expenditures.
- ⁴ Your initials represent full disagreement with the calculation of the auditor's Questioned Costs and/or Funds Put to Better Use, and your intent to explain the basis for your disagreement and provide supporting materials.
- ⁵ If you partially disagree with the monetary recommendation, complete the Management Decision Record with an explanation of your disagreement, and indicate whether you disagree with the Questioned Costs and/or Funds Put to Better Use.
- ⁶ Your initials represent full agreement with the Agency's management decision and action plan.
- ⁷ Your initials and signature represent:
 - (1) All avenues of communication were taken to discuss the issues of full disagreement or partial disagreement, and agreement could not be achieved.
 - (2) This is the final position of the issues of full disagreement or partial disagreement.

Calculation of the Auditor's Questioned Costs and/or Funds Put to Better Use:

The calculation below is the audit team's estimate of the potential recoveries/savings based on the information that supported the report recommendations.

Not Applicable

NON-REIMBURSABLE INTERAGENCY AGREEMENT BETWEEN THE

GENERAL SERVICES ADMINISTRATION

AND THE

FEDERAL CITY COUNCIL

1. **GENERAL**

The General Services Administration hereby enters into an agreement for the detail of Mr. Norman S. Dong from his position as Director, Office of Analysis, Performance and Improvement, ES-0501-00, at the General Services Administration, to the position of Senior Advisor, located in the Federal City Council (FC2), reporting to Mr. Anthony A. Williams, Chief Executive Officer and Executive Director.

This agreement shall be made on a non-reimbursable basis in accordance with the provisions set forth herein.

2. AUTHORITY

This agreement is authorized under the Intergovernmental Personnel Act of 1970.

3. PURPOSE, SCOPE OF WORK, AND CONTROLS OVER WORK

Mr. Dong will be detailed to the position of Senior Advisor, located in the Federal City Council, 1156 15th Street, N.W., Suite 600, Washington, DC 20005-2706.

The Federal City Council works with the District of Columbia and the Federal government to develop and implement solutions to important community problems facing the nation's capital. By serving as a trusted partner for civic improvement, and by bringing to bear the knowledge, experience, access, and resources of its member organizations, the Federal City Council plays an important role in the advancement of the District of Columbia.

The main purpose of the assignment is to support the development of key policy and program initiatives of the Federal City Council. In this capacity, Mr. Dong will be serving as a Senior Advisor to the Federal City Council, focusing on a variety of projects, including exploring alternative financing for public infrastructure projects, and creating incentives for institutions of higher education to locate research facilities in the District of Columbia to promote job creation and economic development.

GSA shares a mutual interest in these topics and benefits from cooperative efforts in implementing these activities. This assignment involves similar or related matters handled by GSA and will benefit the interests of both GSA and the Federal City Council.

4. <u>DURATION, EXTENSION, OR TERMINATION OF ASSIGNMENT</u>

The non-reimbursable detail shall be effective on March 26, 2017 and will last 6 months, with an option to extend for an additional 6 months by mutual agreement between GSA and the FC2. This agreement may be terminated by either party with written notice to the other party of its intention to terminate the detail, or at any time if mutually agreeable to both parties.

If this agreement is canceled, any implementing contract/order may also be canceled. If the agreement is terminated, the agencies shall agree to the terms of the termination, including costs attributable to each party and the disposition of awarded and pending actions.

5. DISPUTES

Disputes related to this agreement shall be resolved in accordance with instructions provided in the Treasury Financial Manual (TFM) Volume I, Part 2, Chapter 4700, Appendix 10; Intragovernmental Business Rules, at: http://www.fms.treas.gov/finstandard/reference.html

6. HOURS OF DUTY, LEAVE, PAY AND BENEFITS, AND PERFORMANCE APPRAISAL

- a. The workweek and hours of duty will be determined by the FC2, subject to FC2 policies and applicable Federal regulations.
- b. Mr. Dong will remain covered by the Federal leave system and will coordinate his leave requests with both his Federal City Council supervisor and his GSA supervisor. Leave requests will be submitted on a biweekly basis and approved by his GSA supervisor throughout the duration of the detail and documented using GSA's time and attendance system (i.e., ALOHA). Time and attendance records will be maintained by the timekeeper in the Office of the CFO each pay period.
- c. GSA will retain Mr. Dong on its payroll and will continue to provide his salary and benefits. Benefits coverage under Federal retirement, Thrift Savings Plan, and group health insurance, as applicable, will continue during the period of this assignment, as applicable.

d. Upon the request of GSA, using the performance expectations issued by the FC2 to Mr. Dong, the FC2 will provide in writing a descriptive evaluation of Mr. Dong's performance.

7. FUNDING AND ADMINISTRATIVE ARRANGEMENTS

- a. This is a non-reimbursable detail. Accordingly, the salary and benefits for Mr. Dong will be paid by GSA.
- b. Travel, transportation and related allowances (if any) associated with the detail will be paid by the FC2, as authorized by the FC2, in performance of official duties, and subject to the availability of funds and applicable laws.

8. BILLING AND PAYMENT

This is a non-reimbursable detail; therefore, billing and payment will not be required.

9. RULES, REGULATIONS AND POLICIES

- a. Mr. Dong will be subject to the ethical standards applicable to FC2 employees for the duration of his detail. He remains subject to other laws and regulations applicable to Federal employees, including, but not limited to, the representational, financial conflict of interest, post-employment, and salary supplementation restrictions in Title 18 of the United States Code and Standards of Conduct. Mr. Dong also remains subject to the political activity restrictions contained in the Hatch Act (5 U.S.C. 7321-7326).
- b. If required to file an Executive Branch Public Financial Disclosure report (OGE 278) during the detail, Mr. Dong will submit such report to GSA by the date established by statute and regulation.
- c. The Federal tort claim statutes and any other Federal tort liability statues shall apply.
- d. The rules and policies that govern internal operations and management of the FC2 are applicable.

10. NAME AND ADDRESS OF THE FEDERAL CITY COUNCIL CONTACTS

Anthony A. Williams
 Chief Executive Officer & Executive Director
 Federal City Council
 1156 15th Street, N.W. Suite 600
 Washington, DC 20005
 (202) 223-4560

b. Kevin Clinton
 Chief Operating Officer
 Federal City Council
 1156 15th Street, N.W. Suite 600
 Washington, DC 20005
 (202) 223-4560

11. NAME AND ADDRESS OF GSA CONTACTS

- a. Gerard E. Badorrek
 Chief Financial Officer
 General Services Administration
 1800 F Street, NW
 Washington, DC 20405
 202-501-1721
 Gerard.Badorrek@gsa.gov
- b. Antonia T. Harris
 Chief Human Capital Officer
 General Services Administration
 Office of Human Resources Management
 1800 F Street, NW
 Washington, DC 20405
 (202) 501-0398
 Antonia.Harris@gsa.gov
- c. Timothy O. Horne
 Acting Administrator
 General Services Administration
 1800 F Street, NW
 Washington, DC 20405
 (202) 501-0800
 Tim.Horne@gsa.gov

The parties agree that if there is a change to the information in this section, the party making the change will notify the other party in writing of such change.

12. <u>AUTHORIZATION OF INTERAGENCY AGREEMENT</u>

Approved by the Federal City Council:	
Anthony A. Williams Chief Executive Officer and Executive Director	Date Signed
Approved by the U.S. General Services Administration:	
Gerard E. Badorrek Chief Financial Officer	Date Signed
Antonia T. Harris Chief Human Capital Officer	Date Signed
(b) (6)	3-8-2017
Timothy O. Horne Acting Administrator	Date Signed

NSA Prohibited & Restricted Items List

(Revised 21 July, 2014)

Prohibited Items (not allowed on campus)

- 1. Firearms and/or Ammunition.
- Explosives, Incendiary Substances, Radioactive Materials, Flammable Liquids,
 Solids, Gases or other Hazardous Materials.
- 3. Other Hazardous Items.

Restricted Items (allowed on campus but must remain in vehicle)

- 1. Pagers that can transmit.
- 2. Cellular phones.
- 3. Personally-owned test, measurement and diagnostic equipment.
- 4. Two-Way Radio Transmitters (CB, Ham, etc).
- Photographic and Recording Equipment (audio, video, optical) and associated
 Information Storage Media.
- 6. Personally-owned computers (laptops, tablets, notebooks, etc) and associated Information Storage Media (cds, zip drives, external hard drives, any storage device).
- 7. Music players (ipods, mp3 players, burned cd's).
- 8. Personally-owned Personal Data Assistants (Palm-Pilots and similar devices).
- 9. Wearable fitness devices (Ex. FitBit)

Medical Devices: Please keep in mind that this also extends to medical devices. If any visitors do have a medical electronic device that they need to have with them (i.e., an insulin regulator for example), please let us know so that we can make security aware in advance.

Director

Office of Analytics, Performance, and Improvement (OAPI) Office of the Chief Financial Officer ES-0501

JOB DESCRIPTION

This position offers the opportunity to have government-wide impact in a senior finance role with an empowered, dynamic and innovative team within the Office of the Chief Financial Officer (OCFO). As Director of the Office of Analytics, Performance, and Improvement (OAPI) you will play a critical role in transforming how the General Services Administration (GSA) utilizes financial data, develops and operationalizes management strategy, and measures and reports performance data.

The GSA OCFO is now implementing Phase Two of a broad and encompassing transformation initiative targeting increased efficiency, greater effectiveness, and improved accountability for performance. The Director of OAPI is a new position intended to bring new capabilities to the General Services Administration. The position reflects the CFO's decision to focus resources on financial analytics, performance management, and strategic planning to drive positive change and data-driven decision-making throughout GSA.

The CFO is seeking a Director of OAPI with senior financial expertise, strong business acumen, a driven work ethic and ambitious achievement goals to join our senior leadership team. This team has a mandate to achieve strategic priorities and is empowered to drive financial management change to create efficiencies, streamline processes and improve customer satisfaction.

The Director is responsible for the overall management and development of the GSA strategic plan and annual performance plans that guide all GSA activities. GSA is a large government organization that encompasses an annual spend of \$20B+, 205,000 fleet vehicles, and a nationwide building portfolio that includes 8,000+ owned or leased assets, more than 350M rentable square feet of workspace, and 600+ owned and leased historic properties. The Director will also be tasked with the integration of business and financial analytics across OCFO, as well as all financial data management and delivery. The Director will bring knowledge of industry best practices in strategic planning, performance measurement, data management, and analytics to the role, and achieve improvements in these core OCFO functions.

This role requires frequent interaction and collaboration with GSA's executive leadership team. The Director of the OAPI will work with leadership in the Public Building Service and Federal Acquisition Service to perform analysis related to expenditure and revenue forecasting and operational / systems performance. The Director will also be responsible for understanding and anticipating customer needs, and tailoring analytics products to immediately impact customer business processes.

POSITION OVERVIEW

As part of the broader OCFO transformation, OAPI was created in FY 2015 to consolidate previously disparate data management, data delivery, financial and business analytics, strategic planning, and performance management functions from across OCFO into one organization. The Director will have responsibility for codifying operating norms and making targeted improvements to accuracy, customer service, and delivery. The direct reports to this position include Division Directors of PBS Analytics, FAS Analytics, Data Delivery and Management, Continuous Process Improvement, GSA Analytics, and Strategic Planning and Performance Management.

MAJOR RESPONSIBILITIES

- 1. Oversee OCFO's Financial Data and Information Management Activities. The Director of OAPI is responsible for leading all financial data and information management activities at OCFO. In general, the Director is responsible for maintaining a data management and delivery program that accurately captures financial data elements and provides information and insight to program leaders. The Director will oversee financial data management activities that include:
 - Establishing accounting data elements and creating accounting templates and cost center codes;
 - Liaising to GSA CIO and Chief Data Officer, and Business Lines for all projects related to financial systems, interfaces and applications;
 - Managing functional and technical requirements for Business Objects (OCFO, BIEDW) environments, FMIS and BIRT reporting for standard financial reports with other offices within OCFO;
 - Determining design strategy and advising on the automation/generation of standard queries/universes/reports;
 - Supporting/assisting other OCFO offices with financial data mining and/or automating service management reports.
- 2. Design and Deliver Effective Business and Financial Analytics for Internal GSA Customers.

 The Director of (OAPI) is responsible for overseeing the Analytics Divisions in their missions to provide business line customers with accurate, comprehensive, and timely financial information. The Director is responsible for conducting studies and collaborating with PBS and FAS leadership to understand analytics requirements and developing the systems, reporting structures, and standard operating procedures to deliver on those requirements.
 - Oversight of the development and delivery of PBS rent estimates.

Specific analytics functional responsibilities include:

- Assessment and completion of PBS funds from operations reporting.
- Management of the Occupancy Agreement Billing System for PBS.
- Budget execution and status of funds reporting for FAS portfolios.
- Review and assessment of FAS monthly statements of operations.
- Liaison responsibilities for FAS internal controls, audit, and open items reviews.
- Ad hoc financial analytics requests from PBS, FAS, or Staff Offices.

In addition to business line and staff office-specific analytics responsibilities, the Director of OAPI also oversees the completion of multiple GSA-wide initiatives, reports and analyses. These responsibilities currently entail project management for implementing DATA Act standards, development of OCFO Service Level Agreements (SLA's) and creation of SLA dashboards, FedStat benchmarking analyses, and OCFO customer satisfaction survey. The

Director of OAPP will be responsible for expanding the current slate of GSA-wide metrics performed by the Office, training staff to enhance existing analytics competencies, and marketing OAPP services to business line and GSA leadership.

- 3. Lead Enterprise Performance Management and Strategic Planning. The Director of OAPI serves a unique role as the integrator and expert on enterprise-wide analytics, planning and performance management activities across GSA. The Director oversees the completion of all OMB A-11 requirements including the GSA Strategic Plan and Annual Performance Plans, as well as, the newly issued OMB enterprise risk management requirements for federal agencies. The Director analyzes and improves enterprise management processes and determines how to best leverage performance data in strategic and operational decision making.
- 4. Serve as the Executive Sponsor for GSA Continuous Process Improvement. The Director of OAPP leads the GSA Continuous Process Improvement (CPI) program, including the review and analysis of critical business process issues across the Agency. This role requires close collaboration with GSA business portfolios, regions, and support offices to review and evaluate existing processes, design new business processes, and define associated system requirements. This role also requires an innovative perspective and the ability to leverage best practices from other private and public sector organizations, as the CPI Program conducts research and identifies innovative operational processes and trends that might affect specific GSA business line and support office strategies, business assumptions and opportunities, performance measurements, and process improvements.
- **5. Ensuring EEO Outcomes.** The Director of OAPI is responsible for furthering the EEO program within the Office of Analytics, Performance, and Improvement, assuring Equal Opportunity in recruitment, selection, promotion, training, awards, assignments, and special program objectives to effectively utilize the strength of a diverse workforce.

Previous edition is usable

Assignment Agreement

U.S. Office of Personnel Management

FPM Chapter 334

Title IV of the Intergovernmental Personnel Act of 1970 (5 U.S.C. 3371-3376)

INSTRUCTIONS

This agreement constitutes the written record of the obligations and responsibilities of the parties to a temporary assignment arranged under the provisions of the Intergovernmental Personnel Act of 1970.

The term "State or local government," when appearing in this form, also refers to an institution of higher education, and Indian tribal government, and any other eligible organization.

Copies of the completed and signed agreement should be retained by each signatory.

Within 30 days of the effective date of the assignment, two copies of this form must be sent to:

U.S. Office of Personnel Management Personnel Mobility Program Staffing Operations Division/CEG 1900 E street, NW Washington, D.C. 20415

Procedural questions on completing the assignment agreement form or on other aspects relating to the mobility program should be addresses to either mobility program coordinators in each Federal agency or to the staff of the Personnel Mobility Program is the U.S. Office of Personnel Management.

50 69 - 105

PART 1 - NATURE OF THE AS	SIGNMENT AGREEMENT	18	-	
Check Appropriate Box	New Agreement	Modification	Extension	
PART 2 - INFORMATION ON P	ARTICIPATING EMPLOYEE		4	
2. Name (Last, First, Middle) Dong, Norman S.			Social Security Number	
4. Home Address (Street, City, State, Zi	p Code)	5 A. Have you ever been on a mo	bility assignment?	
4106 Ingomar Street NW		YES	⋈ NO	
Washington, DC 20015		5 B. If "YES", date of each assign	oment (Month and Year)	
	4.5	From	То	
			1	
PART 3 - PARTIES TO THE AC				
 Federal Agency (List office, bureau of the agreement) 	r organizational unit which is party to	7. State or Local Government (Iden	tify the governmental agency)	
U.S. General Services Administr	ation, Office of the CFO	Federal City Council	2	
Is assignment being made through a faculty fellows program? If "YES", give name of the program.		YES	⊠ NO	
PART 4 - POSITION DATA				
	A - Position Currently H	-leld		
9. Employment Office Name and Addre	ss (Street, City, State and ZIP Code)	10. Employee's Position Title	11. Office Telephone Number (Include the Area Code)	
U.S. General Services Administr		Director	202-501-1721	
Office of the Chief Financial Office	cer	12. Immediate Supervisor (Name a		
1800 F Street, NW		, and and output to a first the same and the		
Washington, DC 20405		Gerard E. Badorrek, Chief Fi	nancial Officer	
	B - Type of Curr	ent Appointment		
13. Federal Employees (Check appropri	iate box.)	14. State and Local Employees		
Career Competitive	Grade Level	State or Local Annual Salary	Original Date Employed by the State or Local Government (Month,	
X Other (Specify): Career SES	SES 00/00		Day, Year)	
	<u> </u>	ssignment Will Be Made		
15. Employment Office Name and Addre		16. Assignee's Position Title	17. Office Telephone Number	
Federal City Council			(Include the Area Code) 202-223-4560	
1156 15th Street, N.W.		Senior Advisor 202-223-4560 18. Immediate supervisor (Name and Title)		
Suite 600		Anthony A. Williams		
Washington, DC 20005-2706		Chief Executive Officer & Executive Director		

PART 5 - TYPE OF ASSIGNMENT			
19. Check Appropriate Boxes		20. Period of Assignment (Month, I	Day, Year)
On detail from a Federal agency	X Full Time	From	То
On leave c from a Federal agency	Part Time		1
On detail to a Federal agency On appointment in a Federal agency	Intermittent	03/26/2017	09/26/2017
PART 6 - REASON FOR MOBILITY ASSIGN	MENT		
04 1-3/-4-4-4	the second second	100 to 10	and the control of th

21. Indicate the reasons for the mobility assignment and discuss how the work will benefit the participating governments. In addition, indicate how the employee will be utilized at the completion of this assignment.

The Federal City Council works with the District and the Federal government to develop and implement solutions to important community problems facing the nation's capital. By serving as a trusted partner for civic improvement, and by bringing to bear the knowledge, experience, access, and resources of its member organizations, the Federal City Council plays an important role in the advancement of the District of Columbia.

The main purpose of the assignment is to support the development of key policy and program initiatives of the Federal City Council. GSA shares a mutual interest in these topics and benefits from cooperative efforts in implementing these activities. This assignment involves similar or related matters handled by GSA and will benefit the interests of both GSA and the Federal City Council.

PART 7 - POSITION DESCRIPTION

22. List the major duties and responsibilities to be performed while on the mobility assignment.

Mr. Dong will be serving as a senior advisor to the Federal City Council, focusing on a variety of projects, including exploring alternative financing for public infrastructure projects, and creating incentives for institutions of higher education to locate research facilities in the District of Columbia to promote job creation and economic development.

PART 8 - EMPLOYEE BENEFITS	
23. Rate of Basic Pay During Assignment	24. Special Pay Conditions (Indicate any conditions that could increase the
	assigned employee's compensation during the assignment period)
\$186,735	

 Leave Provisions (Indicate the annual and sick leave benefits for which employee is eligible. Specify the procedures for reporting, requesting and recording such leave.)

Mr. Dong will remain covered by the Federal leave system and will coordinate his leave requests with both his Federal City Council supervisor and his GSA supervisor. Leave requests will be submitted on a biweekly basis and approved by his GSA supervisor throughout the duration of the detail and documented using GSA's time and attendance system (i.e., ALOHA). Time and attendance records will be maintained by the timekeeper in the Office of the CFO each pay period. Mr. Dong will abide by the Federal City Council policies relative to telework.

PART 9 - FISCAL OBLIGATIONS	
Identify, where appropriate, the office to which invoices and time and attendant	ce records should be sent.
26. Federal Agency Obligations (If paying more than 50 percent of a Federal employee's salary beyond a 6-month period, specify rationale for cost-sharing decision.)	27. State or Local Government agency Obligations
The employee will be on detail from GSA. This is a non-reimbursable agreement; therefore, GSA is responsible for providing base pay and benefits for the duration of the assignment.	The Federal City Council will provide office space, administrative support services, and incidental expenses.
PART 10 - CONFLICTS OF INTEREST AND EMPLOYEE CO	ONDUCT
not inadvertently arise during this assignment. 29. The employee has been notified of laws, rules and regulations, and assignment.	en reviewed with the employee to assure that conflict-of-interest situations do
PART 11 - OPTIONS	
30. Indicate coverage "N/A", if not applicable. A. Federal Employees Group Life Insurance Covered X N/A B. Federal Civil Service Retirement system or federal Employees Retirement System X Covered N/A C. Federal employee Health Benefits X Covered N/A	31. State or Local Agency Benefits (Indicate all State employee benefits that will be related by the State or local agency employee being assigned to a Federal agency. Also include a statement certifying coverage in all State and local employee benefit programs that are elected by Federal employee on leave without pay from the Federal agency to a State or local agency.)
32. Other Benefits (Indicate any other employee benefits to be made part of ti N/A	his agreement)
PART 12 - TRAVEL AND TRANSPORTATION	
33. Indicate: (1) Whether the Federal agency or State or local agency will pay specified in Chapter 3344 of the Federal Personnel Manual, and (2) which	
Travel, transportation and related allowances (if any) associate authorized by the Federal City Council, in performance of officiaws.	ed with the detail will be paid by the Federal City Council, as all duties, and subject to the availability of funds and applicable

PART 13 - APPLICABILITY OF RULES, REGULATIONS AND POLICIES 34. Check Appropriate Boxes.

- A. The rules and policies governing the internal operation and management of the agency to which my assignment is made under this agreement will be observed by me.
- B. I have been informed that my assignment may be terminated at any time at the option of the Federal agency or the State or local government.
- C. I have been informed that any travel and transportation expenses covered from Federal agency appropriations may be recoverable as a debt due the united states, if I do not serve until the completion of my assignment (unless terminated earlier by either employer) or one year, whichever is shorter.
- D. I have been informed of applicable provisions should my position with my permanent employer become subject to a reduction-in-force procedure.
- E. I agree to serve in the Civil Service upon the completion of my assignment for a period equal to that of my assignment. Should I fail to serve the required time, I have been informed that I will be liable to the United States for all expenses (except salary) of my assignment. (For Federal Employees only).

PART 14 - CERTIFICATION OF ASSIGNED EMPLOYEE

In signing this agreement, I certify that I understand the terms of this agreement and agree to the rules, regulations and policies as indicated in Part 13 above.

35. Location of Assignment (Name of Organization)	36. Date (Month, Day, Year)
-	From To
Federal City Council	03/26/2017 09/26/2017
37. Signature of Assigned Employee	38. Date of Signature (Month, Day, Year)

PART 15 - CERTIFICATION OF APPROVING OFFICIALS

In signing this agreement, we certify that;

- the description of duties and responsibilities is current and fully and accurately describes those of the assigned employee;
- this assignment is being entered in to to serve a sound, mutual public purpose and not solely for the employee's benefit;
- at the completion of the assignment, the participating employee will be returned to the position he or she occupied at the time this agreement was entered
 into or a position of like seniority, status pay.

State or Local Government Agency	Federal Agency
39. Signature of Authorizing Officer	40. Signature of Authorizing Officer
41. Date of Signature (Month, Day, Year)	42. Date of Signature (Month, Day, Year)
43. Typed Name and Title Anthony A. Williams, Chief Executive Officer & Exec. Dir.	(b) (6)

PRIVACY ACT STATEMENT

Sections 3373 and 3374, Assignment of Employees To or From State or Local Governments, of Title 5, U.S. Code, authorizes collection of this information. The data will be used primarily to formally document and record your temporary assignment to or from a State or local government, institution of higher education, Indian tribal government, or other eligible organization. This information may also be used as the tegal basis for personal and financial transactions, to identify you when requesting information about you, e.g., from prior employers, educational institutions, or law agencies, or by State, local, or Federal income taxing agencies.

Solicitation of your Social Security Number (SSN) is authorized by Executive Order 9397, which permitted by use of the SSN as an identifier of individual records maintained by Federal agencies. Furnishing your SSN or any other data requested is voluntary. However, failure to prove any of the requested information may result in your being ineligible for participation in the Intergovernmental Assignment Program.

U.S. Customs and Border Protection Office of Facilities and Asset Management Facility Infrastructure Five-Year Investment December 9, 2016

OFAM/OFO Summary of Infrastructure Requirements			
Project	Cost (ROM)		
OFAM/OFO Requirements – GSA-Owned LPOEs	\$2,100,000,000		
OFAM/OFO Requirements – GSA-Leased LPOEs	\$1,570,000,000		
OFAM/OFO Programmatic Costs	\$330,000,000		
TOTAL	\$4,000,000,000		

Assumptions:

- 1. All estimates should be considered rough order of magnitude (ROM), -50%/+100% as defined by the Project Management Body of Knowledge, Third Edition.
- 2. Estimates do <u>not</u> include the annual recurring costs for maintenance and repair.
- 3. Estimates do not include the annual rent costs for leased facilities.
- 4. Estimates do <u>not</u> include the personnel required to maintain the facilities post-construction (e.g. maintenance mechanics, facility operation specialists and other field-located personnel.)

Land Port of Entry (LPOE) Infrastructure

Through a network of 167 Land Ports of Entry (LPOEs), CBP serves as the national leader in safeguarding the Nation's borders and promoting economic prosperity, combatting the threats of terrorism and transnational crime, while supporting our economy by enabling lawful trade and travel. Annually at U.S. Ports of Entry, CBP processes trade valued at over three trillion dollars through more than 31 million commercial entries, and welcomes 375 million travelers, while collecting over \$40 billion in revenue. To meet the increasingly global and complex challenges in this international trade, travel, and security environment, the U.S. needs modern and agile tools to remain competitive and secure. However, the majority of the country's LPOE assets that connect the U.S. with two of our top trading partners—Canada and Mexico—were designed and constructed, on average, over 46 years ago, with some as old as 70 years. Without major investment in these LPOEs, the U.S. will miss opportunities to create jobs, to grow the economy, and to keep the country secure.

Since the implementation of NAFTA, total trade between the U.S. and Mexico has expanded nearly six-fold – from \$100 billion in 1993 to \$592 billion in 2014. Such an increase in economic activity and similar increases with Canada has put an overwhelming strain on the ports. Moreover, during the same time period, capital investment in the LPOEs that process this trade has averaged less than \$90 million per year. This insufficient historical investment has led to a current investment need of over \$5 billion to fully modernize the existing LPOEs. If insufficient funding levels persist and if new sources do not open up, the modernization backlog will only compound. Meanwhile, underscoring the odds, a study performed by the University of Southern California's Center for Risk and Economic Analysis of Terrorism Events (CREATE)

shows that the investment in constructing and staffing a single new vehicle processing lane at an LPOE translates to as much as \$25 million in economic value.

In an ever-changing security and trade environment, CBP has charted a course to ensure organizational efficiencies, optimized business processes, and prioritized capability development to meet operational priorities and overall mission effectiveness. The country's outdated LPOEs, however, constrain CBP's transformative efforts rather than supporting the need to deploy the appropriate mix of personnel, technology, and infrastructure to meet modern challenges and to support the country's economic competitiveness. Facilities and infrastructure that carry forward stagnant pre-NAFTA capacities and concrete configurations of pre-DHS agencies, such as the U.S. Customs Service, the U.S. Immigration and Naturalization Service, and the U.S. Department of Agriculture hold back the Nation's growth, while rapid advancements in technology, North American trade, and deterioration due to extreme climates and 24/7 abuse make these assets dangerous and obsolete.

CBP works in close partnership with key federal, state, and local stakeholders to construct and sustain the Nation's LPOE inspection facilities. As a matter of coordination, CBP consults affected stakeholder agencies at the onset of project planning and continues this relationship throughout project development and execution. CBP's planning methodology requires a comprehensive, multi-faceted approach to coordination and planning. CBP's multi-step process includes gathering data using the Strategic Resource Assessment (SRA) methodology, scoring identified needs at each LPOE location, conducting a sensitivity analysis on the initial ranking of needs, assessing project feasibility and risk, and establishing an executable capital investment plan.

CBP has evaluated its needs for LPOE investment that could be delivered over a five-year timeframe and identified \$4 billion in executable requirements. GSA-owned and leased LPOEs and comprise the bulk of the 167 crossings in need of modernization and replacement. The remainder of the portfolio consists of CBP-owned LPOEs, virtually all of which were recently modernized. Categories of required infrastructure investment are as follows:

- Capital Construction CBP requires capital construction funds to modernize and/or fully demolish and reconstruct aged and inadequate GSA-owned and leased LPOEs that do not support CBP's mission. These funds would go toward land acquisition, design, and construction.
- Furniture, Fixtures, and Equipment (FF&E) FF&E costs include information technology infrastructure, furniture, security, voice/data, CBP inspection-related equipment, and other post-construction needs that CBP requires to operate at full capacity.
- Lease Buy-Out Costs Lease Buy-Out funds are required to purchase LPOE infrastructure that is currently leased, but for which ownership would provide better return on taxpayer investment given the permanent nature of these facilities and the government's continuing need for them. Modernization and reconstruction are also required at some of these locations.
- Programmatic Elements Programmatic elements relate to portfolio-wide needs such as adherence to design standards (inclusion of bullet resistant glazing, proper port hardening

to protect CBP officers, installation of right-sized seizure infrastructure, etc.), emergent repairs, deferred maintenance, and management and oversight requirements.

GSA-Owned LPOE Requirements			
Project Location	Capital	FF&E	
Alburg Springs, VT	√	✓	
Alcan, AK	✓	√	
Alexandria Bay, NY Phase I		✓	
Alexandria Bay, NY Phase II	✓	✓	
Beebe Plain, VT	✓	✓	
Brownsville-Gateway, TX	✓	✓	
Calais - Ferry Point, ME	\checkmark	✓	
Calexico West, CA Phase II	✓	\checkmark	
Coburn Gore, ME	✓	✓	
Columbus, NM		\checkmark	
Douglas (Raul Hector Castro), AZ Non-Commercial	✓	✓	
Douglas, AZ Commercial LPOE (new)	✓	✓	
Dunseith, ND	✓	✓	
El Paso (BOTA), TX	✓	✓	
Ft. Fairfield, ME	✓	✓	
Gordie Howe, MI		\checkmark	
Highgate Springs, VT	✓	✓	
International Falls, MN	✓	✓	
Madawaska, ME	✓	✓	
Otay Mesa, CA	✓	✓	
Porthill, ID	✓	✓	
San Luis I and II, AZ	✓	✓	
San Luis I, AZ Annex		✓	
San Ysidro, CA Phase II		✓	
Sumas, WA	✓	√	
Total Construction Cost ROM	\$1,840,	000,000	
FF&E Cost ROM	\$260,0	00,000	
TOTAL	\$2,100,	000,000	

GSA-Leased LPOE Requirements					
Project Location Capital FF&E Buy-Out					
Ambassador Bridge, MI	✓	✓	✓		
Andrade, CA	✓	✓			
Crane Lake, MN	✓	✓	✓		
Detroit Windsor Tunnel, MI	√	√	✓		

U.S. Customs and Border Protection

Facility Infrastructure Five-Year Investments

TOTAL		\$1,900,000,000	
Owned)	\$330,000,000		
ROM (for GSA-Leased and GSA-			
Programmatic Funding Requirements			
Lease Buy-Out Cost ROM	\$900,000,000		
FF&E Cost ROM		\$50,000,000	
Total Construction Cost ROM		\$620,000,000	
St. Zacharie, ME	✓	✓	✓
St. Juste, ME	✓	✓	✓
St. Aurelie, ME	✓	✓	√
Roma, TX	✓	✓	✓
Rio Grande City	✓	✓	✓
Rainbow Bridge, NY	✓	✓	✓
Progreso, TX	✓	✓	✓
Presidio, TX	√	√	√
Port Huron - Blue Water Bridge	✓	✓	✓
Peace Bridge, NY			✓
Ogdensburg, NY	✓	✓	✓
Niagara Falls - Whirlpool Rapids Bridge, NY	✓	✓	✓
Niagara Falls - Lewiston, NY		√	√
Lubec, ME	√	✓	√
Hidalgo, TX	√	√	√
Estcourt, ME	√	√	
El Paso - Stanton Street, TX	✓	✓	√
Eagle Pass II, TX	✓	✓	✓



Administrator's Two-Week Outlook Report: 3/20 - 4/3

Audits (Entrance Conference, Issuances, etc)

• FOIA request received to provide a list of all top level domains purchased by USAID between 9/1/2010 and 9/30/2016. The .Gov Domain Services Team / Lee Ellis will be taking the lead on providing this information. [ME]

Events

- 3/19-21 Dominic attending Gartner 2017 NA CIO Leadership Forum in Hollywood, FL [ME]
- 3/22-23 Dominic Sale speaking at Adobe Summit in Las Vegas, NV. This event will focus on what government is doing now and in the future to improve experiences for citizens. [ME]

M – Front Office

Key Meetings -- Date, Participants, Desired Outcomes

- 3/20 Administrator's weekly coordination (GC, Administrator, HSSOs)
- 3/20 OGP Data/Prof Services catch-up (GC, Todd, two-letter offices)
- 3/21 Data and Services Steering Committee (GC, CIO, HSSO reps)
- 3/21 Bi-weekly OGP Check-In (GC, Deputy Administrator)
- 3/22 Real Property Analysis (Deputy Administrator, GC, Alex, Michael Gelber+)
- 3/22 OGP QPR (GC, Jeff, Administrator, Deputy Administrator, CFO+)

MA – Asset & Transportation Management

Key Meetings -- Date, Participants, Desired Outcomes

- 3/20-21 Federal Advisory Committee Act (FACA) government-wide instructor-led training. The training is intended for Committee Management Officers, Designated Federal Officers, FACA attorneys, and other agency support staff directly involved in federal advisory committee creation and operation.
- 3/23 Interagency Committee for Aviation Policy (ICAP) Communications Subcommittee Meeting, attended by the ICAP member agencies.
- 3/28 ICAP Combined Acquisition, Use and Disposal (AUD) and Management Data Systems (MDS) Subcommittee Meeting.
- 3/29 ICAP Combined Safety Standards and Training Subcommittee (SSTS) and Unmanned Aircraft Systems (UAS) Subcommittee Meeting.
- 3/30 ICAP General Session Meeting.
- 03/22 Next Generation Delivery Schedule Business Case; work towards agreement on policy and DoD supported approach to transportation auditing of NGDS.
- 3/22 Follow up meeting with Tony Costa regarding the new real property reform laws and the census data/recommendations analysis GSA will be performing.
- Vehicle Policy Division is presenting with MD on Fleet ALD at the OGP QPR meeting scheduled for 3/22
- 3/21 Travel Voucher Data Pilot, Department of Labor Travel Managers, Craig Flynn, Katherine, Jonathan Perez, Start working on Phase II of the Data Pilot obtaining data from the 3rd agency and 2nd ETS2 vendor, CWT.

•

Key Leaders Out -- Leader, Dates, Designated Backup

• 3/20 - Lois Mandell, PM (Cynthia Acting) and 3/24 (Ron Acting)

Other Significant Events/Activities

- 3/16, received LRM on pending version of <u>Bill H.R.194 Federal Agency Mail Management Act</u> of 2017 to restore GSA's Mail Management Policy Authority. This shows continued movement in the long process to become law. No changes were requested on the LRM.
- Personal Property data sets have been finalized. Sets are available for review by OMB if needed, and have been provided to ME for uploading into our website and into the data visualization tool. Related to these reports, CEQ has asked for OGP to pull out the information related to electronic stewardship to contribute to the annual agency reports on sustainability due to CEQ annually.

MD – Evidence & Analysis

Key Meetings -- Date, Participants, Desired Outcomes

- 3/22 Stephanie Barcombe presenting with MA on Fleet ALD at the OGP QPR meeting Other Significant Events/Activities
 - DAPSS RFI due date extended to 3/27 per OAS recommendation to allow SB the required 10 days to respond.

ME – Information, Integrity & Access

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- 3/20 Dominic to meet with John Kost from Gartner, former CIO of the State of Michigan. John ran the CIO research for several years and now runs our CEO research.
- 3/22 Web Council Meeting Agenda focused on: Updates to DigitalGov.gov, The ITIF report, .Gov Dashboard
- 3/22 CIO Council Meeting
- 3/23 DHS/GSA Cyber Meeting

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

- 3/20-21 Dominic Sale at Gartner 2017 NA CIO Leadership Forum in Hollywood, FL
- 3/22 -23 Dominic Sale at Adobe Summit in Las Vegas, Nevada

Key Leaders Out -- Leader, Dates, Designated Backup

• 3/20-24 Dominic Sale, Jon Kraden is Acting

MG – High Performance Green Buildings

Key Meetings -- Date, Participants, Desired Outcomes

• 3/23 - the Interagency Sustainability Working Group (ISWG), which MG (Ken Sandler) co-chairs with DOE, will hold its regular bimonthly meeting. ISWG helps 30+ agencies reduce opportunity costs and duplication of effort through information sharing on high performance building issues. Topics this time will include GSA's work on the impacts of lighting on health, DOE's programs on energy savings performance contracts and interior lighting, and a case study of a Bureau of Reclamation building that won an award for achieving nearly 50% reductions in water and energy use. The first part of the meeting is Federal employees-only, while the last hour is open to members of the public.

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

• 3/23 - At the Interagency Sustainability Working Group (ISWG), Bryan Steverson will be presenting the results of GSA's work on the lighting impacts on health collaboration with the U.S. Department of Veterans Affairs, Federal Highway Administration, and U.S. Department of

State. Over the past several years, GSA has shown that people who received the most light at work had better sleep quality and more positive moods. The multi-agency collaboration has focused on replicating these findings by providing additional light in unique federal workspaces with minimal or no daylight. Bryan will be providing an update on these current efforts.

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

• 3/30-31 - Kevin Kampschroer () is traveling to Rochester, MN to participate in the WELL Living Lab/Mayo Clinic Scientific Advisory Board meeting. This is non-federal source travel.

MS – Evaluation Sciences

Key Meetings -- Date, Participants, Desired Outcomes

- 3/20 Quarterly Evidence Collaborative at Brookings to discuss evidence movement with both gov and other leaders.
- 3/24 HUD/NYCHA to discuss NYCHA participation in HUD energy conservation experiment.
- 3/20 USDA/FSIS to assist FSIS decide on sampling plan for generic label assessment.
- 3/23 Interagency Council on Evaluation Policy

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

- 3/21 HHS presentation to Regional Health Administrators
- 3/21 USAID presenting quarterly update on IAA Progress
- 3/23 DC presenting at Lab@DC 3/23

<u>Documents Awaiting Associate Administrator Signature</u>

• IPA from UIL coming shortly

MV – Acquisition Policy

Key Meetings -- Date, Participants, Desired Outcomes

- 322 Jeff Koses will meet with the A-Suite on this: Demo of GSA Acquisition Dashboard, Scorecard, and Analytics Tools.
- 3/22 Jeff Koses will meet with the A-Suite on this topic: Q1 Quarterly Performance Reviews (QPR).
- 3/22 FAI & OFPP will host the IT PM Improvement Initiative, Executive Steering Board (ESB)
 meeting, to receive updates and progress reports from the improvement initiatives that have
 been in progress during the past 15 months. The team will solicit recommendations and
 approval for the ongoing projects as well as provide comments on the implementation of
 FITARA and receive further direction with moving forward in 2017.

A-Suite Key Project / Initiative Updates

- Fair Pay Fair Pay and Safe WorkPlace Congress repealed the EO via the Congressional Review Act on 3/7. President expected to sign this week.
- End User License Agreement Expect to send Final Rule to OIRA after A-suite and Chief of Staff approval is granted.
- Center for Acquisition Professional Excellence Episode #4 postponed from 3/15 to 3/22 due to weather; Becky meeting with Jacque Atwater (FAS R4) on 3/20 to discuss repeating Conversations in Contracting Episode #3 for their May Acquisition Training Day; Becky presenting CAPE Overview & FY17 Initiatives to PBS Acquisition Directors at their meeting on 3/23.

Other Significant Events/Activities

• 3/22 - CAPE presents the next Conversations in Contracting training - Episode #4: Risky Business: Identifying Risks in Acquisitions takes place Wednesday, March 22, 2017, from 2:00 p.m. EDT to 3:30 p.m. EDT. Attendees are encouraged to obtain a quiet room and log into

Meeting Space. CLPs: 1.5 *Registration:

https://meetcqpub1.gsa.gov/content/connect/c1/7/en/events/event/private/1873351/850836 96/event_registration.html?sco-id=86571060 *(Log into https://meet.gsa.gov first, so the registration site recognizes you.) For those in MV who would like to attend, Room G037 has been reserved. The room seats 10. You may arrive as early as 1:30 p.m., in order to ensure that you have a seat.

MX – Executive Councils

Key Meetings -- Date, Participants, Desired Outcomes

- 3/21 CFO Council Linda Springer will introduce herself and brief on the PMA blueprint; looking for CFOs to provide input on the PMA in coming weeks; MX will be coordinating the feedback process across councils
- 3/22 CIO Council Linda Springer will introduce herself and brief on the PMA blueprint; looking for CIOs to provide input on the PMA in coming weeks

Key Leaders Out -- Leader, Dates, Designated Backup

• Trey Bradley in training at Harvard Kennedy School all week; Katherine Pearlman serving as backup on Benchmarking

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

• Trey Bradley in training at Harvard Kennedy School all week

A-Suite Key Project / Initiative Updates

• Benchmarking Customer Satisfaction Survey: As of 3/17 government-wide, we have 26,184 supervisor responses (13.26% response rate) and 216,002 total responses (15.27% response rate). Survey currently slated to be open through 3/23 but may be extended.

Other Significant Events/Activities

 Working with OMB M-team to determine level and timeline of FY17 Council funds collection; aiming to start collections after current CR expires in late April, following OMB clearance of Director's letter to Congress

MZ – Unified Shared Services Management

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- 3/21 Angerman briefing at the CFOC on the proposed strategic plan
- 3/22 NARA Records Management Cross-Agency Working Group
- 3/23 TBM Executive Meeting (Angerman attending)
- 3/23 Meeting with OIG and A-suite for a meeting on their ongoing monitoring of shared services
- 3/23 FCW CDM Panel (Rob Wuhrman)

Other Significant Events/Activities

- 3/22 Department of State Tollgate meeting
- 3/22 M3 Quarterly Meeting with Dept of State HR System Migration
- 3/21 and 3/23 Training for the risk assessment tool USSM developed for customers moving to and providers of administrative shared services



Administrator's Two-Week Outlook Report: 3/20 - 3/31

High Risk Press and Congressional Inquiries

 2 press inquiries regarding: Travel week of 3/20; 1) Requested if Uber was allowed by Federal Employees, and 2) Requested information on caps of Per Diem by Federal Employees and the President. MA

M – Front Office

Key Meetings -- Date, Participants, Desired Outcomes

- 3/27: Administrator's Weekly Coordination (GC, Tim Horne +, HSSOs)
- 3/28: ROCIS Security Patches Synch (GC, Bill Clark, John Thomas, Connie Jordan, Dan Pomeroy, Dave Shive +, OIRA: Jasmeet Seehra)
- 3/28: OGP Mid-Year Appropriated Budget Reviews MD, MA, ME (GC, Jon, Val, Kris Stefan Grabas, Dan Pomeroy, Linel, Latosha, Two-Letter leads/reps)
- 3/29: OGP Mid-Year Appropriated Budget Reviews MV, MG (GC, Jon, Val, Kris Stefan Grabas, Dan Pomeroy, Linel, Latosha, Two-Letter leads/reps)
- 3/29: Bi-Weekly GSA Chiefs of Staff Meeting (Joanna Rosata, Jon Clinton, HSSO COS)
- 3/30: MA Data Dashboard Briefing (GC, Alex + MA leads, Todd Coleman + MD)
- 3/30: FAST Act Implementation Synch (GC, Tony Costa, Michael Gelber)
- 3/31: NASA Shared Services Meeting (GC, Beth Angerman, Tony Costa, Jack St. John, Emily Murphy, NASA reps)

MA – Asset & Transportation Management

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- 3/28 Interagency Committee for Aviation Policy (ICAP) Combined Acquisition, Use and Disposal (AUD) and Management Data Systems (MDS) Subcommittee Meeting.
- 3/29 ICAP Combined Safety Standards and Training Subcommittee (SSTS) and Unmanned Aircraft Systems (UAS) Subcommittee Meeting.
- 3/30 ICAP General Session Meeting.
- 3/28 Relocation Policy meeting of interpretation of FTR DOD Defense Travel Management Office, Craig Flynn, Rick Miller Interpretation of FTR and application with DTMO of compliant policy for Relocation associated with Mobile Homes, Tiny Houses, and Houseboats.
- 3/28 Permanent Duty Station Pilot Discussion with DHS/ICE ICE Relocation/Financial Leadership, Rick Miller, Ed Davis, Craig Flynn - Discussion of options for permanency of ICE Pilots, new options for additional Pilots, and extensions of existing Pilots.
- 3/27 Transportation Policy Division participant to attend Environmental Justice Interagency Working Group Goods Movement Committee Meeting
- 3/29 Transportation Policy Division participant to attend meeting with DoD, OGC, FAS Center for Transportation Management and Transportation Audits to develop a consolidated Business Case for auditing small parcels.

Key Leaders Out -- Leader, Dates, Designated Backup

• Craig Flynn, 3/27, Rick Miller (rodney.miller@gsa.gov)

Administrator Coordination -- Items to be Coordinated with or Approved by the Administrator

- Waiver (of Federal Travel Regulations) for Long Term Storage while in Transit in unique cases for DOD. Previous waiver expires March 31, 2017.
- Relocation Tax Allowance Bulletin for employees who relocated in the best interest of the Government.

<u>Documents Awaiting Associate Administrator Signature</u>

- Delegation of Authority Bulletin (CC035509)-Routed to OGP Acting Associate Administrator for review and approval on 3/17. Signature will follow OGC's review
- OGP Response to Final GAO Report on Real Property Disposal Data (CC035849) will be coming to OGP Acting Associate Administrator for review and approval this week.

Other Significant Events/Activities

- HR 194- Federal Mail Management Act of 2017 To ensure the effective processing of mail by
 Federal agencies, and for other purposes. On 3/22/17 informed that the bill is now at the Rules
 Committee.
- Working with S/Congressional Affairs and PBS regarding a query from the son of the designer of the large brown "ribbon signs" marking Federal buildings who is interested in obtaining a sign as a memento of his father's work.

MD – Evidence & Analysis

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- Data Cabinet Steering Committee, Thurs 3/30
- Pre-Planning for April 4th joint Data Cabinet/NTIS event panel, Thurs 3/30

Other Significant Events/Activities

• All requirements meetings with OGP divisions are complete. RFI responses due 3/27. Reviewing responses this week. Targeting 4/3 for for decision on which vehicle to use for the data analytics requirement.

ME – Information, Integrity & Access

Key Meetings -- Date, Participants, Desired Outcomes

- Monday, 3/27 Solutions to Improve Data Center Marketplace Goal is to improve funding for IT modernization and to attract agencies to participate as IT shared services providers.
- Tuesday, 3/28 ROCIS Security Patches Coordination with GSAIT
- Tuesday, 3/28 IT/Tech Coordination Across GSA A regular opportunity for GSA-wide coordination on all government-wide IT issues.
- Tuesday, 3/28 ME FY 17 & 18 Budget Discussion.
- Wednesday, 3/29 IT Shared Services Discussion A chat about the IT shared services efforts/discussions within GSA internally.
- Thursday, 3/30 Partnership for Public Service Shared Service Roundtable Discussion (D.Pomeroy to attend)
- Thursday, 3/30 ME Stat
- Thursday, 3/30 Shared Services Briefing To share ideas on shared services implementation of common functions to federal agencies.
- Thursday, 3/30 ME & FAS ITC coordination meeting
- Friday, 3/31 DCOI Policy Coordination with OMB

MG – High Performance Green Buildings

Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)

• Kevin Kampschroer (3/30-3/31) is traveling to Rochester, MN to participate in the WELL Living Lab/Mayo Clinic Scientific Advisory Board meeting. Non-federal source travel.

MS – Evaluation Sciences

Key Meetings -- Date, Participants, Desired Outcomes

- USDA/FSIS (3/20): Helping FSIS decide on sampling plan for generic label assessment.
- EPA/LPEP (3/24): Major project updates w/ EPA moving forward on Lead portfolio
- EPA/Air (3/27): Mtg #1 w/ Airnow.gov staff
- Hopkins (3/28): Mtg w/ Hopkins researchers to discuss data collection for experiment
- NVPO planning mtg (3/27): Checking in on IAA deliverables. Hope to get signals on next year IAA potential.
- SSA (3/29): Higher level coordination, portfolio and project review meeting.
- Census (3/30): Partnerships / Innovation Team Brainstorm- IAA follow up

ordination -- Items to be Coordinated with or Approved by the Administrator

Will circle back with more detailed Gift info shortly

<u>Documents Awaiting Associate Administrator Signature</u>

Couple of IPA amendments, and 2 new IPAs coming shortly

Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)

 Nick Wilson USAID travel dates now confirmed (4/10-4/14) - will send through Salesforce shortly

Other Significant Events/Activities

• TTS looping us into strategy sessions this week. Will report back afterwards.

MV – Acquisition Policy

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- 3/27 Jeff Koses and Mark Lee will meet with Tony Costa on this topic: Infrastructure Proposal.
- 3/28 Jeff Koses and Mark Lee is meeting with the A Suite on this topic: GSA Dashboard and Portal.
- 3/29 Jeff Koses will meet with the "M" organization on this topic: MV Appropriated FY 17 & 18 Budget
- 3/30 Mark Lee, David Frye, MVA TSS detailees, and Dave Zvenyach to meet with TTS
 Acquisition Operations staff, to present progress and priorities for establishing the TTS
 Acquisition Management function.
- 3/31 Jeff Koses and Mark Lee will meet with the Office of Congressional and Intergovernmental Affairs on this topic: Follow up: House Armed Services Committee (HASC) Hearing Brainstorming Session.

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

• 3/31 - Suspension and Debarment Official (SDO) Maria Swaby to be a panel member at the monthly American Bar Association (ABA) Suspension & Debarment (S&D) Subcommittee meeting discussing fact finding in S&D cases.

<u>A-Suite Key Project / Initiative Updates</u>

- Transactional Data Rule First quarterly review of Pilot Metrics will be set for week of 4/3/17.
- End User License Agreement Expect to send the final rule to A-suite/political appointee for approval to send forward to the Office of Information and Regulatory Affairs (OIRA). Already

briefed Emily Murphy on 3/8/17.

Other Significant Events/Activities

3/27 - Agency updates and new entries for the Spring Unified Agenda of Regulatory and
Deregulatory Actions are due to the Regulatory Information Service Center (via the ROCIS
system). The spring publication will be the first opportunity for agencies to implement
Presidential Executive Order 13771 - Reducing Regulation and Controlling Regulatory Costs.
RISC compiles data from approximately 65 Federal departments, agencies and commissions
about their regulatory activity twice yearly. The rules included in the Agenda are those that will
have a regulatory impact over the next 12 months.

MX – Executive Councils

Report not submitted.

MZ – Unified Shared Services Management

Key Meetings -- Date, Participants, Desired Outcomes

- 3/30 Partnership for Public Service Roundtable
- 3/31 NASA briefing to GSA leadership

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

• 3/30 Andrea Sampanis on panel with VA FM Migration Lead at AGA National Leadership Training, Audience is AGA members who are FM specialists; no press present

Other Significant Events/Activities

- 3/27 Meeting with Treasury to discuss the completion of the Financial Management Standards
- 3/28 DOL Tollgate meeting to discuss the status of their FM system upgrade
- 3/28 OMB HRT2T Quarterly Briefing
- 3/29 Meeting with GSA IT Leaders to discuss IT strategy
- 3/27, 3/28, 3/29 M3 Risk Assessment Tool Trainings to M3 Customer and Provider Project Managers



Administrator's Two-Week Outlook Report: 3/6 - 3/17

Audits (Entrance Conference, Issuances, etc)

• FOIA request received to provide a list of all top level domains purchased by USAID between 9/1/2010 and 9/30/2016. The .Gov Domain Services Team / Lee Ellis will be taking the lead on providing this information. [ME]

Events

- Wednesday, 3/15: Dominic Sale will be speaking at FCW's CDM: Pushing the Boundaries of Cybersecurity event. Cyber experts will discuss how CDM itself can serve as a foundation for an agency's broader cybersecurity strategy—not only strengthening its cybersecurity measures but also positioning an agency to adapt and respond as cyber threats evolve. [ME]
- Mar 15 Kevin Funk (Acq Policy) will be speaking to a delegation from the Government of Colombia about sustainable procurement at the Colombia Global Procurement Initiative Study Tour being organized by the U.S. Trade and Development Agency. [MV]

M - Front Office

Key Meetings -- Date, Participants, Desired Outcomes

- Monday, 3/13: OGP Week Ahead (GC, Jon, Heads of two-letter)
- Monday, 3/13: Administrator's Weekly Coordination Meeting (Acting Administrator, +HSSOs)
- Monday, 3/13: M/MV weekly synch (GC, Jeff Koses)
- Monday, 3/13: WCF Passback Meeting (Acting Deputy, HSSOs)
- Monday, 3/13: M/MX weekly synch (GC, Steve)
- Monday, 3/13: M/MG weekly synch (GC, Kevin)
- Monday, 3/13: M/ME weekly synch (GC, Dominic)
- Thursday, 3/16: Shared Services Governance Board (GC, Beth, SSGB members)
- Thursday, 3/16: M/MZ weekly synch (GC, Beth)

MA - Asset & Transportation Management

Key Meetings -- Date, Participants, Desired Outcomes

- Monday, 3/13 and Wednesday, 3/15 Personal Property Policy representatives meeting with Department of Transportation (DOT) asset management leadership. DOT is revising their internal agency policies and have asked OGP for assistance in these early stages.
- Tuesday, 3/14 Mail and Transportation Policy meeting with Center for Transportation Management for update on transition activities for freight, small packages, and possible policy implications.
- Thursday, 3/16 Mail and Transportation Policy participating in FAS Transportation Audits Agency Review & Assistance Program (ARAP) with Department of Treasury
- Friday, 3/17 GSA Quarterly Meeting with GAO on real property (MA, PBS)

Key Leaders Out -- Leader, Dates, Designated Backup

- Bob Galloway, 03/17 Mike Miles, Acting
- Craig Flynn 3/13 and 3/17 Cy Greenidge, Acting

Other Significant Events/Activities

- Relocation Income Tax Allowance (RITA) Bulletin will be arriving for signature by the OGP Acting Associate Administrator before 4/1 -- to account for income taxes for employees who had increased in income taxes due to certain relocation reimbursements.
- Congressional Letter, from Representative Walden on per diem rates for Hood River County,
 Oregon is being routed for clearance. The signatory is the Acting Associate Administrator for Congressional and Intergovernmental Affairs.

MD – Evidence & Analysis

Key Meetings -- Date, Participants, Desired Outcomes

- Wednesday, 3/15 Data Cabinet Meeting at GSA
- Thursday, 3/16 Data Cabinet Steering Committee Meeting at GSA

Other Significant Events/Activities

• Closing on which contract vehicle to use by the end of the week for the OGP-wide Qualitative & Quantitative support

ME – Information, Integrity & Access

Key Meetings -- Date, Participants, Desired Outcomes

- Monday, 3/13 SOFIT Follow-Up: Gartner to share ideas as a result of the completed SOFIT Report and discuss 2017 focus areas.
- Wednesday, 3/15 FCW CDM Panel: Dominic will be speaking on a panel with Mark Kneidinger, Director of Federal Network Resilience, DHS
- Thursday, 3/16 OFCIO-GSA Meeting: Continued coordination meetings between OFCIO and GSA IT components (TTS, GSA IT, OGP, and FAS)
- Thursday, 3/16 Cloud Center of Excellence Meeting

<u>Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present</u>

 Wednesday, 3/15 - Dominic will be speaking at FCW's CDM: Pushing the Boundaries of Cybersecurity event. Cyber experts will discuss how CDM itself can serve as a foundation for an agency's broader cybersecurity strategy—not only strengthening its cybersecurity measures but also positioning an agency to adapt and respond as cyber threats evolve.

Key Leaders Out -- Leader, Dates, Designated Backup

 Tuesday, 3/14 - Friday, 3/17 Dan Pomeroy on Travel and Annual Leave; Ed Boriso (Data Center/IT Infrastructure Team), Latosha Frink (COR Team), and Linel Soto (OGP IT-PMO Team) are designated backups.

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

- Sunday, 3/19 Tuesday, 3/21: Dominic Sale at Gartner 2017 NA CIO Leadership Forum in Hollywood, FL
- Wednesday, 3/22 Thursday, 3/23: Dominic Sale speaking at Adobe Summit in Las Vegas, NV

MG – High Performance Green Buildings

<u>Key Meetings -- Date, Participants, Desired Outcomes</u>

- Monday, 3/13 Wednesday, 3/15 Ken Sandler will attend the DOE Building Technologies Office (BTO) Peer Review. At this event, BTO reviews its funded research on commercial building energy innovations, much of which is relevant to Federal building applications.
- Wednesday, 3/15- Thursday, 3/16 Kinga will represent GSA at the Energy Exchange planning committee where agencies and industry collaborate to develop the training program.

- Thursday, 3/16 Kevin Kampschroer will attend a strategic planning session between DOE's High Impact Technology Catalyst Program and GSA's Green Proving Ground on implementing current technologies and the future of these collaborative programs.
- Friday, 3/17 Kevin Kampschroer is hosting a leadership team from U.S. Army Corp of Engineers (to include USACE Chief Information Officer, Chief Technology Officer, and Chief Architect) to tour 1800F and discuss GSA's strategies for workplace planning and conference room technology. GSA program managers from the Total Workplace Program, the Chief Architect, Office of Administrative Services, Corporate IT Services, Building Management Office, and the USACE National Account Manager will be in attendance for a robust discussion.
- Thursday, 3/23 the Interagency Sustainability Working Group (ISWG), which MG (Ken Sandler) co-chairs with DOE, will hold its regular bimonthly meeting. ISWG helps 30+ agencies reduce opportunity costs and duplication of effort through information sharing on high performance building issues. Topics this time will include GSA's work on the impacts of lighting on health, DOE's programs on energy savings performance contracts and interior lighting, and a case study of a Bureau of Reclamation building that won an award for achieving nearly 50% reductions in water and energy use.

<u>Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present</u>

- Wednesday, 3/15 Kevin Kampschroer is speaking at the NAESCO Federal Workshop in Washington, DC on a panel discussing the interaction between federal agencies and energy service companies. The panel, which will include representatives from the federal and private sectors will discuss best practices from the past several years of implementing energy savings performance contracts, areas for improvement (and shortening the time to negotiate), and, achieving deep energy savings and significant infrastructure improvement.
- Thursday, 3/16 Judi Heerwagen will be speaking at the GoGreen conference in Seattle on as part of a panel focused on new approaches to sustainable buildings. She will talk about the circadian light project (as described by Bryan Steverson above).
- Thursday, 3/23 At the Interagency Sustainability Working Group (ISWG), Bryan Steverson will be presenting the results of GSA's work on the lighting impacts on health collaboration with the U.S. Department of Veterans Affairs, Federal Highway Administration, and U.S. Department of State. Over the past several years, GSA has shown that people who received the most light at work had better sleep quality and more positive moods. The multi-agency collaboration has focused on replicating these findings by providing additional light in unique federal workspaces with minimal or no daylight. Bryan will be providing an update on these current efforts.

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

• Monday, 3/13 - Friday, 3/17 - Patrick Dale will travel to Washington, DC to participate in the Green Proving Ground technology selection meeting.

Other Significant Events/Activities

 Week of 3/13 - Ken Sandler will publish a Federal Register notice announcing the next meeting of the Green Building Advisory Committee on 6/7, and two sets of weekly task group conference calls to begin in April 2017. This is a FACA committee required by statute to advise MG on policy. The two task groups will focus respectively on 1) how to advance Federal high performance building adoption, and 2) how Federal facilities policies can promote health and wellness.

MS – Evaluation Sciences

Key Meetings -- Date, Participants, Desired Outcomes

- HHS: Regional Health Administrators gathering 3/21; ORISE Fellows 4/4.
- DoD: DHA Pain Working Management Group upcoming, for approval of DHA Opioids project.

Other Significant Events/Activities

- New Research Integrity Process and Gates rolled out this week
- New updated Project Tracker (and People Tracker) rolled out this week

MV – Acquisition Policy

Key Meetings -- Date, Participants, Desired Outcomes

- Tuesday, 3/14 Jeff Koses will meet with Region 4 FAS on their competition numbers.
- Thursday, 3/16 MVB (FAI) will lead the Interagency Acquisition Career Manager Committee (IACMC) at GSA HQ, room 1459/60. There will be roundtable discussions with the ACMs covering multiple subjects suggested during the last IACMC. FAI will also provide updates on a Leadership Excellence in Acquisition Program (LEAP) Cohort Briefing; training statistics for FAI course offerings, the upcoming training schedule as well as IT and FAITAS updates. The IACMC meets quarterly to collaborate with the ACMs in the development and implementation of inter-agency plans and programs for advancing the management of the acquisition workforce.

Key Leaders Out -- Leader, Dates, Designated Backup

Wednesday, 3/15 - Friday, 3/17 - Maria Swaby - annual leave; William Schmidt acting

Speaking Engagements -- Date, Audience, Type (Speech, Panel Discussion, etc.), Press Present

 Wednesday, 3/15 - Kevin Funk (Acq Policy) will be speaking to a delegation from the Government of Colombia about sustainable procurement at the Colombia Global Procurement Initiative Study Tour being organized by the U.S. Trade and Development Agency.

Administrator's Two-Week Outlook Report - 3/6/2017 - 3/17/2017

 Wednesday, 3/15 - Kevin Funk (Acq Policy) will be speaking to a delegation from the Government of Colombia about sustainable procurement at the Colombia Global Procurement Initiative Study Tour being organized by the U.S. Trade and Development Agency.

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

Week of March 13 - Nick West and Francine Serafin will travel to Denver, CO to assist PBS R8
in an administrative hearing to contest high labor rates on their custodial contracts for
Denver courthouses. MVAC staffs the Agency Labor Advisor function and MV staffs the
Agency Labor Compliance Advisor function.

A-Suite Key Project / Initiative Updates

- Transactional Data Rule GSA released version 1.0 of the FSS pilot evaluation plan to OFPP and the GSA OIG.
- End User License Agreement Expect to send final rule to A-suite and Sr. Political prior to submission to OIRA
- Center for Acquisition Professional Excellence Conversations in Contracting, Episode #4 will be held on 3/15; see below for details

Other Significant Events/Activities

• Wednesday, 3/15 - CAPE presents the next Conversations in Contracting training - Episode #4: Risky Business: Identifying Risks in Acquisitions takes place Wednesday, March 15, 2017, from

1:00 p.m. EDT to 2:30 p.m. EDT. Attendees are encouraged to obtain a quiet room and log into Meeting Space. CLPs: 1.5

MX – Executive Councils

Key Meetings -- Date, Participants, Desired Outcomes

- Tuesday, 3/14 CHCO Council meeting
- Wednesday, 3/15 Data Cabinet meeting
- Thursday, 3/16 FRPC meeting (tentative)

Administrator Coordination -- Items to be Coordinated with or Approved by the Administrator

 Potentially an email to GSA supervisors and SES encouraging them to take the Benchmarking customer satisfaction survey

<u>Travel Within Next Two Weeks -- Dates, Location, Travelers, Reason (Conference, Training, etc.)</u>

Trey Bradley traveling to Boston for leadership development training, week of 3/20

A-Suite Key Project / Initiative Updates

Benchmarking

- Customer satisfaction survey: Overall, response rates are tracking well, with a slight drag
 relative to prior years because we're not getting as much of a leadership push at many
 agencies where leaders are not yet in place. However, the team is optimistic about getting to
 a 20% response rate for the supervisor survey governmentwide.
- At GSA, supervisor responses to the customer sat survey are lagging well behind prior years.
 OGP is aiming to work with the A-suite and HSSOs to promote the benefit (and ease) of taking the survey.

Other Significant Events/Activities

Discussions underway at OMB about Council funding for FY 2017 (collections) and FY 2018 (for budget/CJ purposes). MX leadership working with DDM's office and OMB acting Council chairs to define spend priorities. It is likely that the Councils will collect less than \$17M in FY 2017 and FY 2018, though the exact amounts will be determined in the coming weeks.

MZ – Unified Shared Services Management

Key Meetings -- Date, Participants, Desired Outcomes

- Thursday, 3/16 Interagency Cloud Center of Excellence meeting on development of vision for government-wide guidance on Cloud (Acquisition Playbook, Education, Shared Services)
- Friday, 3/17 Meeting with Treasury ASM and leadership to discuss their strategy for a talent management system

Other Significant Events/Activities

- Thursday, 3/16 Meeting with the SSLC to discuss the proposed vision for shared services and their status
- Thursday, 3/16 Subgate review with DHS/DOI to discuss their readiness to go live with TSA in October
- Monday, 3/13 Weekly status meeting with SSPO at OMB
- Memorandum to SSPO will be sent this week recommending two agencies as data center providers
- Monday, 3/13 Meeting with Export Import Bank to provide an overview of the M3 Risk Assessment tool

CIRCULAR NO. A-11

PREPARATION, SUBMISSION, AND EXECUTION OF THE BUDGET



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET WASHINGTON, D.C. 20503

July 1, 2016

CIRCULAR NO. A-11 **REVISED** Transmittal Memorandum No. 90

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Preparing, Submitting, and Executing the Budget

OMB Circular No. A-11 provides guidance on preparing the FY 2018 Budget and instructions on budget execution.

The FY 2018 Budget will be submitted by the next President, and agencies are not required to submit a formal budget request in September. As described in OMB Memorandum M-16-10, we intend to prepare a budget database that includes a complete current services baseline. OMB also plans to work with agencies to gather information necessary to develop current services program estimates for FY 2018, as well as other budget and programmatic information from which the incoming administration can develop its budget proposals.

Most of the changes in this update are technical revisions and clarifications, and the policy requirements are largely unchanged.

The summary of changes to the Circular highlights the changes made since last year. This Circular supersedes all previous versions.

Shaun Donovan Director

Enclosure

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GUIDE TO OMB CIRCULAR NO. A-11

What is the purpose of the Circular?

- Part 1: Provides an overview of the budget process. It discusses the basic laws that regulate the budget process and the terms and concepts you need to know to understand the budget process and this Circular. (Sections numbered 10 through 22)
- Part 2: Covers development of the President's Budget and tells you how to prepare and submit materials required for OMB and Presidential review of agency requests and for formulation of the FY 2018 Budget, including development and submission of performance budgets for FY 2018. A significant portion of this part focuses on the preparation of the Budget *Appendix* and the related database. Detailed instructions for a number of requirements not directly related to the preparation and production of the budget are accessible through electronic links that are provided in section 25. (Sections numbered 25 through 95)
- Part 3: Discusses sequestration, supplementals and amendments, deferrals and Presidential proposals to rescind or cancel funds, and investments. (Sections numbered 100 through 113)
- Part 4: Provides instructions on budget execution, including guidance on the apportionment and reapportionment process, a report on budget execution and budgetary resources (SF 133), and a checklist for fund control regulations. (Sections numbered 120 through 150)
- Part 5: Covers Federal credit programs, including requirements related to the preparation of budget estimates and to budget execution. (Section number 185)
- Part 6: Describes requirements under GPRA Modernization Act and the Administration's approach to performance management including a) requirements for agency strategic plans, annual performance plans and reports on a central website; b) Agency Priority Goals and Cross-Agency Priority Goals; c) reviews of agency performance; d) Federal Program Inventory; and e) elimination of unnecessary agency plans and reports. (Sections numbered 200 through 290)
- Part 7: Contains supplementary materials. (Appendices numbered A through K and the Capital Programming guide)

How do I find information in the Circular?

The Circular groups related requirements together and presents requirements chronologically, where appropriate (e.g., instructions related to budget formulation are included in Part 2, and instructions related to budget execution are included in Part 4).

The information in each part is divided into chapters and, in some cases, subchapters. The chapters are organized into a series of sections that consist of consecutively numbered subsections. Section numbers are not repeated between parts. We reserved certain section numbers for future use, so there are gaps in the numbering scheme. Page numbers identify the section number and page within that section.

At the beginning of the Circular, there is a table of contents that identifies all the parts, chapters, sections and associated page numbers.

There is also a table of contents at the beginning of each section that identifies the subsections and exhibits contained in that section. We summarize major changes in policies and requirements at the beginning of the Circular. In addition, we describe the changes that affect each section at the beginning of that section and use vertical revision bars in the margins to highlight new requirements and significant changes. At the end of the Circular, there is an index.

OMB circulars, memoranda, and bulletins, including Circular No. A–11, are available for viewing or downloading at the following address:

http://www.whitehouse.gov/omb/agency/default/

Presidential Executive Orders are available for viewing or downloading at the following address:

http://www.archives.gov/federal-register/codification/numeric-executive-orders.html

The Circular contains a number of hyperlinks that link the various parts of A-11 with each other and other websites.

Normally, A–11 is fully revised annually. In addition, the guidance is usually updated in the fall to reflect changes and clarifications since the full revision. If you are working with a paper copy of A–11, please check to make sure you have the latest version and updates.

What agencies are covered by the Circular?

This Circular applies to all Executive departments and establishments. In addition, some of the requirements apply to the Legislative and Judicial Branches, to the District of Columbia, and to Government-sponsored enterprises.

If you want an exception to the requirements in this Circular, you must get OMB approval in advance (see section <u>25.2</u>).

What common conventions does this Circular use?

When the Circular refers to a specific year, assume it is a calendar year unless otherwise noted. The following phrases and abbreviations are used to identify specific fiscal years:

Fiscal Year	Description
Past year – 1 (PY–1)	The fiscal year immediately preceding the past year.
Past year (PY)	The fiscal year immediately preceding the current year; the last completed fiscal year.
Current year (CY)	The fiscal year immediately preceding the budget year.
Budget year (BY)	The next fiscal year for which estimates are submitted.
Budget year + 1 (BY+1) through budget year + 9 (BY+9)	The fiscal year following the budget year <i>through</i> the ninth fiscal year following the budget year.

Special budget terms, such as budget authority, obligations, and outlays, are defined in section 20.

In Part 2, the term *schedule* refers to a set of data within the MAX budget database that is complete in itself and describes a view or slice of the President's Budget. Schedules are described in section <u>79</u>.

Who can answer questions about the Circular?

The following table lists OMB organizational units with primary responsibility for certain sections of the Circular. You should direct general questions on the instructions and underlying concepts to these units.

Direct agency-specific questions on the application of these instructions, as well as on sections not listed below, to your OMB program examiner or Resource Management Office.

OMB CONTACTS

Section No.	Description	OMB Contact	Telephone No.*
PART 2			
51.13	Justification of unobligated balances in credit liquidating accounts	Budget Analysis Branch, Budget Analysis and Systems Division	395–5156
51.19, 55	Information technology investments	Office of E-Government and Information Technology	395-4927
51.19	Non-information technology investments	Office of Federal Procurement Policy	395-2181
51.19	Aircraft procurement	Office of Federal Procurement Policy	395-2181
54	Rental payments for space and land	Transportation/GSA Branch, Transportation, Homeland, Justice, and Services Division	395–5704
PART 6	Performance management information such as agency goals, strategic plans, performance plans, and performance reports	Performance and Personnel Management Division	395–5670
_	MAX A-11 User's Guide	Budget Systems Branch, Budget Analysis and Systems Division	395–6860

^{*}Area code is 202

SUMMARY OF CHANGES

Note: Vertical revision bars " | " are used in the margin of the Circular to highlight new requirements and significant changes.

Section No.	Change
10.4	Explains why some agencies do not report financials to the Department of the Treasury but are included in the Budget.
<u>20.3</u>	Clarifies that when general fund payments are used to finance trust fund outlays to the public, the associated trust fund receipts are netted at the bureau level to prevent double counting in the bureau totals.
<u>20.11</u>	Clarifies the usage of management funds.
<u>21</u>	Includes a new section that provides a general overview of scoring legislation.
21	Moves the section on discretionary spending, mandatory spending and PAYGO from old section 20.9.
<u>25.5</u>	Lowers the reporting threshold for geospatial data investments from \$500,000 to \$100,000
<u>25.5</u>	Drops the requirement to submit a Forecast of Contract Support
<u>31.12</u>	Updates the methodology for determining spectrum efficiency
31.15	Requires that agency budget estimates should reflect consideration of Executive Order 13556, Controlled Unclassified Information, and the associated policies issued by the National Archives and Records Administration.
<u>32.1</u> . <u>32.3</u>	Updates the percentage used in estimating budget year pay raise costs and the FERS retirement guidance.
<u>51.2, 95</u>	Directs agencies to include any new appropriations language or changes to complex appropriations with a budgetary impact, including general provisions, to OMB in their budget justification materials.
<u>51.3</u>	Adds the new title of the circular to reflect the 2016 update of A-123, Enterprise Risk Management and Internal Controls.
<u>51.9</u>	Provides guidance on how to address evidence-related issues during a transition in Administration.
<u>51.13</u>	Suggests that agencies should also consult the GAO's Federal User Fee: A Design Guide as a reference when setting user fees.
<u>55</u>	Updates the FY 2018 IT Budget – Capital Planning Guidance:
	 Incorporates policy and requirements from the IT Budget – Capital Planning Guidance to distinguish from the remaining technical guidance
	Updates the IT Portfolio Summary Structure
	 Requires a Budget Account Summary as part of the IT Portfolio Summary
	 Introduces two standard commodity IT investments into Part 3.
Exhibit 79C	Clarifies that routine reauthorizations of ongoing discretionary programs and extensions of expiring mandatory programs assumed to be continued in the baseline should be included in transmit 0.
80.4	Instructs agencies to exclude the effect of future sequestration when extending an expiring program in the baseline.

Section No.	Change
80.4	Clarifies the pay increase assumptions that should be used in the current year and budget year.
80.7	Updates the list of materials that may be required to support baseline materials.
82.5(e), 83	Eliminates the requirements for agencies to submit object class and program data from their accounting systems to OMB.
<u>82.18</u>	Removes duplicative schedule N and J line source descriptions from schedule P.
82.18	Adds lines in schedule P to incorporate transfers of advance appropriations and lines to incorporate unobligated balances that are precluded from obligation (i.e., limitation on administrative expenses) in a fiscal year by a provision of law.
82.18	Modifies lines in schedule P to distinguish obligations in unexpired accounts and upward adjustments of obligations in expired accounts.
82.18	Adds memorandum lines in Schedule P to capture International Monetary Fund quota and New Arrangements to Borrowing reporting.
<u>83.6</u>	Includes under object class code 12.2 military personnel, continuation pay and contributions to the Thrift Savings Plan.
83.6	Updates the title of the total obligation line 0900.
<u>84.2</u>	Includes additional explanations on the various character classifications and how they are used.
<u>84.3</u>	Clarifies the requirements for general reporting and relationships with other data.
84.4	Clarifies that lines 1321 and 1322 refer to major moveable equipment; further defines the conduct of research and development character classifications; and renames lines 1431 and 1432 as experimental development.
<u>85.5</u>	Clarifies that OMB does not impose FTE ceilings.
<u>85.5</u>	Updates the table showing compensable days
86.2	Clarifies when amounts should be included in schedule T Budget year appropriations request in thousands of dollars.
<u>95.4</u>	Clarifies the workflow for getting print materials published in budget Appendix
95.5	Clarifies that changes to appropriations language, including general provisions, with a budgetary impact require OMB approval
<u>95.6</u>	Further clarifies that legislative language proposed for enactment in authorizing legislation is not included in the budget <i>Appendix</i>
Exhibit 95A	Adds additional entries to and reorders the General Style Guidelines for clarity
100.14	Instructs agencies to exclude the effects of sequestration orders issued in the budget year and beyond in their Budget data entries.
100.15	Clarifies that when new legislation updates a formula for a program but does not add new definite resources, sequestration may be applied to the newly estimated sequestrable resources in the fiscal year the legislation is enacted.
<u>110.3</u>	Describes the usage of the budget corrections exercise to collect budget amendments.
<u>120.21</u>	Allows for rounding up of cents to dollars even if it is not the nearest dollar.

Section No.	Change
120.41	Drops the higher of last year's enacted appropriations level or the current year's enacted appropriation level in to just current year's enacted appropriation level.
120.61, Exhibit 120H	Clarifies how to reflect the previous approved column post short-term continuing resolution.
<u>124.2</u>	Provides information on how to submit updated plans to OMB every two years.
<u>130</u>	Deletes the Crosswalk from the SF 133 to the Treasury Combined Statement exhibit.
<u>135.9</u>	Updates timing of spring quarterly exercise.
Exhibit 135A	Updates list of agencies/programs that are required to submit plans.
Exhibit 135B	Clarifies instructions for the automated collection application.
<u>185.6</u>	Clarifies that interest rate reestimates may be performed in some cases prior to a cohort being 90 percent disbursed.
<u>185.7</u>	Specifies the receipt account where modification adjustment transfer occurs.
<u>200</u>	Updates overall performance planning and reporting timeline and definitions.
210	Updates implementation of the GPRA Modernization Act requirement for agencies to maintain performance information on a central website <u>Performance.gov</u> in machine-readable format instead of printing agency-specific Strategic Plans, Annual Performance Plans and Annual Performance Reports.
<u>210</u>	Updates incorporation of reporting agency major management challenges into agency-specific Annual Performance Plans.
<u>220</u>	Describes management of Cross-Agency Priority (CAP) Goals.
<u>230</u>	Describes Strategic Plan content and timeframes for development with the FY 2019 Budget as required by GPRA Modernization Act 2010.
<u>230</u>	Updates guidance to encourage interagency coordination in the development of Strategic Plans in instances where multiples agencies have shared strategic goals and objectives.
<u>240</u>	Updates Annual Performance Plan to be published with agency FY 2018 final congressional budget justifications.
<u>240</u>	Updates reporting of major management challenges in Annual Performance Plan.
<u>250</u>	Establishes planning guidance for development of new Agency Priority Goals for the FY 2018 Budget.
<u>260</u>	Describes Annual Performance Report to be published with final agency FY 2018 congressional budget justifications once a new administration is in place.
<u>270</u>	Updates Enterprise Risk Management policy and describes its relationship to strategic reviews.
<u>280</u>	Describes the requirement to include program information on a single, government-wide performance website. OMB is currently working with agencies to merge the implementation of the DATA Act and the Federal Program Inventory requirements to the extent possible to avoid duplicative efforts. While OMB and agencies determine the right implementation strategy, the initial Federal Program Inventory published 2013 remains available on Performance.gov.
<u>290</u>	This section describes requirements for providing a list of agency-proposed unnecessary, outdated or duplicative plans and reports to Congress.

Section No.	Change
290	Agencies are required as a part of the September 2017 budget submission to update their list of unnecessary reports.
Appendix B	Clarifies that all contractually-required costs in addition to rent for triple net leases are included in the capital lease determination and in the calculation of up-front budget authority
Appendix F	Adds lines in SF 132, SF 133, and schedule P to incorporate transfers of advance appropriations and lines to incorporate unobligated balances that are precluded from obligation (i.e., limitation on administrative expenses) in a fiscal year by a provision of law.
Appendix F	Modifies and adds new lines in SF 133, schedule P and SBR to separate obligations in unexpired accounts and upward adjustments of obligations in expired accounts.
Appendix F	Adds memorandum lines in schedule P to capture International Monetary Fund quota reporting.
Appendix F	Incorporates revisions from Circular No. A-136 for recoveries of prior year paid obligations in the Budget authority and outlays, net section of the Statement of Budgetary Resources.

CIRCULAR NO. A-11

PART 1

GENERAL INFORMATION



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016

SECTION 10—OVERVIEW OF THE BUDGET

Table of Contents

The Budget Process

- 10.1 What is the budget?
- 10.2 What is the legal requirement to prepare the budget?
- 10.3 What kinds of information does the budget provide?
- 10.4 Which agencies does the budget cover?
- 10.5 What happens during the Federal budget process and when?
- 10.6 What is the Mid-Session Review?

The Central Financial Agencies

- 10.7 What are the central financial agencies?
- 10.8 What are the responsibilities and functions of OMB?
- 10.9 What are the responsibilities and functions of the Treasury?
- 10.10 What are the responsibilities and functions of CBO?
- 10.11 What are the responsibilities and functions of GAO?
- 10.12 How do OMB, CBO, the Fiscal Service, and GAO responsibilities overlap?

Summary of Changes

Explains why some agencies do not report financials to the Department of the Treasury but are included in the Budget (section 10.4).

10.1 What is the budget?

In this Circular, the term *budget* means the President's Budget—*The Budget of the United States Government*. The budget consists of several volumes that set forth the President's financial proposal with recommended priorities for allocating resources. The main *Budget* volume contains the President's Budget message and other broad statements of policy. The *Appendix* contains detailed information by agency, bureau or program group, budget accounts, programs, and activities. Other volumes, such as *Analytical Perspectives* and *Historical Tables*, provide complementary views of the budget. Most of the information contained in the budget is, or is based on, information you submit for your agency and programs in response to this Circular.

The term "budget" can mean other things in other contexts. It often refers to the full receipt and outlay proposals rather than the volumes in which these amounts are published. Some people refer collectively to the budget resolution and revenue and spending bills that the Congress passes, which we describe below, as the "congressional budget." Ultimately, the Congress and the President enact many laws that control the Government's receipts and spending, which we sometimes refer to collectively as the budget, as in "enacting the budget."

This section provides a broad overview of the budget process. You can read more about the budget process in a chapter of the *Analytical Perspectives* volume of the most recent budget, "The Budget Concepts and Budget Process." To view or download budget documents, go to the budget website:

http://www.budget.gov/budget

10.2 What is the legal requirement to prepare the budget?

The Budget and Accounting Act requires the President to submit a budget (see section <u>15.2</u>). The President formally transmits his proposals for allocating resources to the Congress through the budget. The Congress

considers the recommendations and uses the information included in the budget as it drafts and passes laws that affect spending and receipts. Through this process the Government decides how much money to spend, what to spend it on, and how to raise the money it has decided to spend.

10.3 What kinds of information does the budget provide?

The budget focuses primarily on the budget year—the upcoming fiscal year for which the Congress needs to make appropriations. However, it includes data for the most recently completed year, the current year, and nine years following the budget year (outyears) in order to reflect the effect of budget decisions over the longer term. In addition to proposed appropriations for the budget year, the budget may include proposed changes to appropriations for the current year (supplementals and rescissions), and legislative proposals that would affect the current year, the budget year, or the outyears.

The budget provides actual or estimated data (stated in millions or billions of dollars, depending on the context) for the following:

- The amount by account that each agency may obligate the Government to pay (budget authority) and estimates of payments (outlays) by agency and account;
- The amount of receipts each agency collects from various sources;
- Budget authority, outlays, and receipts by major function of the Government, such as national defense; (This is why we assign each budget account a functional classification code(s).)
- Total budget authority, outlays, and receipts for the Government; and
- The actual or estimated surplus (when receipts exceed outlays) or deficit (when outlays exceed receipts).

The budget divides the Government totals for budget authority, outlays, and receipts into "on-budget" amounts and "off-budget" amounts. The off-budget amounts include the transactions of the Social Security trust funds and the Postal Service, which are excluded by law from the on-budget totals.

The budget arrays data in many different ways. For example, one section of the budget focuses solely on Federal investment spending. Also, while the budget focuses primarily on dollars, it also includes data on other resources, such as Federal employment levels.

10.4 Which agencies does the budget cover?

The budget covers the agencies of all three branches of Government—Executive, Legislative, and Judicial—and provides information on Government-sponsored enterprises. In accordance with law or established practice, OMB includes information on agencies of the Legislative Branch, the Judicial Branch, and certain Executive Branch agencies as submitted by those agencies without change. By longstanding practice, the budget presents information about the Board of Governors of the Federal Reserve System but does not include amounts for the Board in the budget totals, even though it is a Government agency, because of the independent status of the System. The budget includes information about the Government-sponsored enterprises, such as the Federal National Mortgage Association (Fannie Mae), but does not include them in the budget totals because they are privately owned. (Section 25 discusses the applicability of Part 2 of this Circular to various agencies.)

The budget also includes the estimated budgetary effects of certain entities that may not report to the Department of Treasury. In such cases, the included activities are considered budgetary and occur because of authorities conferred or control exerted by the Government. For more information on capturing the full

effect of governmental activity in the Budget, see Chapter 10, Coverage of the Budget, in the *Analytical Perspectives* volume of the Budget.

10.5 What happens during the Federal budget process and when?

The budget process occurs in three main phases:

- Formulation. During this phase, the Executive Branch prepares the President's Budget. OMB and the Federal agencies begin preparing the next budget almost as soon as the President has sent the last one to the Congress. OMB officially starts the process by sending planning guidance to Executive Branch agencies in the spring. The President completes this phase by sending the budget to the Congress on the first Monday in February, as specified in law, although occasionally Presidents have sent it later for various reasons. For example, in a year with a transition between outgoing and incoming Administrations, the timing of the President's Budget transmittal changes.
- Congressional. This phase starts in late January or February, when the Congress receives the President's Budget. The Congress does not vote on the President's Budget itself, and it does not enact a budget of its own, as such. It considers the President's Budget proposals, passes an overall revenue and spending plan called a "budget resolution," and enacts the regular appropriations acts and other laws that control spending and receipts.
- Execution. This phase lasts for at least five fiscal years and includes two parts.
 - The *apportionment* part pertains to funds appropriated for that fiscal year and to balances of appropriations made in prior years that remain available for obligation. At the beginning of the fiscal year, and at such other times as necessary, OMB apportions funds—that is, specifies the amount of funds that an agency may use by time period, program, project, or activity—to Executive Branch agencies. Throughout the year, agencies hire people, enter into contracts, and enter into grant agreements, etc., in order to carry out their programs, projects, and activities. These actions use up the available funds by obligating the Federal Government to make outlays, immediately or in the future.
 - The *reporting and outlay* part lasts until funds are canceled (one-year and multiple-year funds are canceled at the end of the fifth year after the funds expire for new obligations) or until funds are totally disbursed (for no-year funds). Note: the canceled phase of annual and multi-year authority (see section 20.4(c)) or cancellations of budgetary resources in no-year accounts pursuant to 31 U.S.C. 1555 should not be confused with cancellations as a type of reduction (see section 20.4(i)).

The following tables highlight the major events in each of the phases of the budget process. These tables show the planned timing or, when applicable, the timing specified in law. The actual timing may vary from the plan. For example, the Congress frequently does not enact all appropriations acts by the start of the fiscal year, and on several occasions the President has submitted the budget later than specified for various reasons, including late enactment of appropriations for the previous fiscal year or a change in Administrations. Since budget cycles overlap, we must begin the next cycle before completing the last one.

MAJOR STEPS IN THE FORMULATION PHASE

What happens?	When?
OMB issues spring planning guidance to Executive Branch agencies for the upcoming budget. The OMB Director issues a letter to the head of each agency providing policy	Spring
guidance for the agency's budget request. Absent more specific guidance, the outyear	

What happens?	When?
estimates included in the previous budget serve as a starting point for the next budget. This begins the process of formulating the budget the President will submit the following February.	
OMB and the Executive Branch agencies discuss budget issues and options. OMB works with the agencies to:	Spring and Summer
 Identify major issues for the upcoming budget; 	
 Develop and analyze options for the upcoming fall review; and 	
• Plan for the analysis of issues that will need decisions in the future.	
OMB issues Circular No. A–11 to all Federal agencies. This Circular provides detailed instructions for submitting budget data and materials.	June
Executive Branch agencies (except those not subject to Executive Branch review) make budget submissions. See section <u>25</u> .	September*
Fiscal year begins. The just completed budget cycle focused on this fiscal year. It was the "budget year" in that cycle and is the "current year" in this cycle.	October 1
OMB conducts its fall review. OMB staff analyzes agency budget proposals in light of Presidential priorities, program performance, and budget constraints. They raise issues and present options to the Director and other OMB policy officials for their decisions.	October-November
OMB opens the MAX A-11 Data Entry (MAX) application for all agencies to submit their past year budget data.	November
OMB briefs the President and senior advisors on proposed budget policies. The OMB Director recommends a complete set of budget proposals to the President after OMB has reviewed all agency requests and considered overall budget policies.	Late November
Passback. OMB usually informs all Executive Branch agencies at the same time about the decisions on their budget requests.	Late November
All agencies, including Legislative and Judicial Branch agencies, enter all MAX budget schedule data and text materials. This process continues until OMB must "lock" agencies out of the database in order to meet the printing deadline.	Late November to early January *
Executive Branch agencies may appeal to OMB and the President. An agency head may ask OMB to reverse or modify certain decisions. In most cases, OMB and the agency head resolve such issues and, if not, work together to present them to the President for a decision.	December *
Agencies prepare and OMB reviews congressional budget justification materials. Agencies prepare the budget justification materials they need to explain their budget requests to the responsible congressional subcommittees.	January
President transmits the budget to the Congress.	First Monday in February

^{*}OMB provides specific deadlines for this activity.

MAJOR STEPS IN THE CONGRESSIONAL PHASE

What happens?	When?
Congressional Budget Office (CBO) reports to Budget Committees on the economic and budget outlook.	January

What happens?	When?
CBO reestimates the President's Budget based on their economic and technical assumptions.	February
Other committees submit "views and estimates" to House and Senate Budget Committees. Committees indicate their preferences regarding budgetary matters for which they are responsible.	Within 6 weeks of budget transmittal
The Congress completes action on the concurrent resolution on the budget. The Congress commits itself to broad spending and revenue levels by passing a budget resolution.	April 15
The Congress needs to complete action on appropriations bills for the upcoming fiscal year or provides a "continuing resolution" (a stop-gap appropriation law).	September 30

MAJOR STEPS IN THE EXECUTION PHASE

What happens?	When?
Fiscal year begins.	October 1
OMB apportions funds made available in the annual appropriations process and other available funds. Agencies submit apportionment requests to OMB for each budget account by <i>August 21</i> or within <i>10 calendar days</i> after the approval of the appropriation, whichever is later. OMB approves or modifies the apportionment specifying the amount of funds agencies may use by time period, program, project, or activity.	September 10 (or within 30 days after approval of a spending bill)
Agencies incur obligations and make outlays to carry out the funded programs, projects, and activities. Agencies hire people, enter into contracts, and enter into grant agreements, etc., in order to carry out their programs, projects, and activities. Agencies record obligations and outlays pursuant to administrative control of funds procedures (see Appendix H), report to Treasury (see the Treasury Fiscal Requirements Manual and section 130), and prepare financial statements.	Throughout the fiscal year
Fiscal year ends.	September 30
Expired phase (no-year funds do not have an expired phase). Agencies disburse against obligated balances and adjust obligated balances to reflect actual obligations during the period of availability.	Until September 30, fifth year after funds expire.
Agencies continue to record obligations and outlays pursuant to administrative control of funds procedures, report to Treasury, and prepare financial statements.	

10.6 What is the Mid-Session Review?

The law requires the President to send a report to the Congress updating budget estimates on or before July 15th. This report contains revised budget estimates resulting from changes in economic assumptions, technical reestimates, Presidential initiatives, and completed congressional actions that have occurred since transmittal of the budget. Your OMB representative will provide guidance on the development of these estimates at the appropriate time.

10.7 What are the central financial agencies?

The central financial agencies are:

- The Office of Management and Budget (OMB), in the Executive Office of the President;
- The Department of the Treasury, Bureau of the Fiscal Service (Fiscal Service);

- The Congressional Budget Office (CBO), in the Legislative Branch; and
- The Government Accountability Office (GAO), in the Legislative Branch.

10.8 What are the responsibilities and functions of OMB?

OMB's predominant mission is to assist the President in overseeing the preparation of the President's Budget and to supervise its administration by the Executive Branch agencies. OMB evaluates the effectiveness of agency programs, policies, and procedures, assesses competing funding demands among agencies, and sets funding priorities. OMB ensures that agency reports, rules, testimony, and proposed legislation are consistent with the President's Budget and with Administration policies.

In addition, OMB oversees and coordinates the Administration's procurement, financial management, and information and regulatory policies. In each of these areas, OMB's primary role is to improve administrative management, develop better performance measures and coordinating mechanisms, and reduce any unnecessary burdens on the public.

For further information, refer to the **OMB** web site.

10.9 What are the responsibilities and functions of the Treasury?

Treasury, acting through the Bureau of the Fiscal Service, gathers and publishes Government-wide financial information that is used by the public and private sectors to monitor the Government's financial status and establish fiscal and monetary policies. These publications include: the Daily Treasury Statement; the Monthly Treasury Statement; the Treasury Bulletin; the Combined Statement; and the Financial Report of the U.S. Government. The Financial Report of the U.S. Government is the Federal Government's set of audited financial statements, a requirement of the Government Management and Reform Act of 1994.

For further information, refer to the Fiscal Service web site.

10.10 What are the responsibilities and functions of CBO?

CBO was created by the Congressional Budget and Impoundment Control Act of 1974. CBO's mission is to provide the Congress with the objective, timely, non-partisan analyses needed for economic and budget decisions and with the information and estimates required for the congressional budget process. CBO prepares analyses and estimates relating to the budget and the economy and presents options and alternatives for the Congress to consider but does not make recommendations on policy. CBO's services can be grouped into four categories: helping the Congress formulate a budget plan; helping it stay within that plan; helping it assess the impact of Federal mandates; and helping it consider issues related to the budget and economic policy.

For further information, refer to the <u>CBO web site</u>.

10.11 What are the responsibilities and functions of GAO?

GAO is the investigative arm of the Congress. GAO helps the Congress meet its Constitutional responsibilities and helps improve the performance and accountability of the Federal Government for the American people. GAO examines the use of public funds, evaluates Federal programs and activities, and provides analyses, options, recommendations, and other assistance to help the Congress make effective oversight, policy, and funding decisions. In this context, GAO works to continuously improve the economy, efficiency, and effectiveness of the Federal Government through financial audits, program reviews and evaluations, analyses, legal opinions, investigations, and other services. GAO's activities are designed to ensure the Executive Branch's accountability to the Congress under the Constitution and the Government's accountability to the American people. GAO is dedicated to good government through its commitment to the core values of accountability, integrity, and reliability.

For further information, refer to the **GAO** web site.

10.12 How do OMB, CBO, Fiscal Service, and GAO responsibilities overlap?

Here are a few examples:

- After OMB submits the President's Budget, CBO is responsible for re-estimating the budget.
- Both OMB and CBO score the costs of legislation (both appropriations and direct spending included in authorization bills). While Budget Committees have the ultimate responsibility for determining the scoring effects of legislation for Congressional enforcement, they typically rely on CBO estimates during congressional consideration of individual bills to ensure that they are consistent with the budget resolution totals. The President uses OMB estimates to determine the costs of budget-related legislation. OMB reconciles or explains differences between the two sets of discretionary estimates.
- OMB and Fiscal Service work together to establish any new Treasury accounts, both during the preparation of the Budget and after bills become laws.
- OMB provides its scoring to Fiscal Service to assist in Fiscal Service's responsibility to prepare warrants.
- OMB and Fiscal Service work together to estimate actual outlays during the course of a year.
- Fiscal Service gathers financial information through the Government-wide Treasury Account Symbol Adjusted Trail Balance System (GTAS), that allows agencies to submit one set of accounting data (mostly budgetary, some proprietary) that fulfills the needs of the SF 133 Report on Budget Execution and Budgetary Resources, the FMS 2108 Year-End Closing Statement, and the prior-year column of the Program and Financing schedule in the President's Budget.
- OMB and Fiscal Service worked together to develop the GTAS systems. Fiscal Service develops U.S. Standard General Ledger guidance to comply with OMB definitions.
- Both Fiscal Service and GAO provide guidelines used by financial managers as they account for Federal finances.
- OMB uses GAO audits and evaluations, as well as those of agency inspectors general, as part of its review of agency programs.

SECTION 15—BASIC BUDGET LAWS

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- 15.1 What laws govern the budget cycle?
- 15.2 Why is the Budget and Accounting Act important?
- How does the Congress enact the budget and how is the budget enforced?
- 15.4 What laws govern the budget execution process when funds are actually spent?
- 15.5 What does the GPRA Modernization Act of 2010 require?
- 15.6 What do I need to know about the Federal Credit Reform Act of 1990?

15.1 What laws govern the budget cycle?

The Federal budget cycle can be divided into three distinct phases that are generally sequential and yet intertwined. The first phase, which culminates in the transmittal of the President's Budget proposals to the Congress, is called the budget formulation phase. In the next phase, the Congress acts upon laws that together constitute the enacted budget. Once the laws have been enacted, executive agencies carry out the laws in the budget execution phase. The Federal budget cycle is governed mainly by the following laws, which we describe below:

- Budget and Accounting Act.
- Congressional Budget Act.
- Balanced Budget and Emergency Deficit Control Act, as amended (BBEDCA).
- Statutory Pay-As-You-Go Act.
- Antideficiency Act.
- Impoundment Control Act.
- GPRA Modernization Act (formerly Government Performance and Results Act).
- Federal Credit Reform Act.

15.2 Why is the Budget and Accounting Act important?

Before enactment of this law in 1921, there was no annual centralized budgeting in the Executive Branch. Federal Government agencies usually sent budget requests independently to congressional committees with no coordination of the various requests in formulating the Federal Government's budget. The Budget and Accounting Act required the President to coordinate the budget requests for all Government agencies and to send a comprehensive budget to the Congress. It created the Bureau of the Budget, now the Office of Management and Budget (OMB), to help the President implement these requirements. It also required the President to include certain information in the budget. The Congress has amended the requirements many times and has codified them as Chapter 11, Title 31, U.S. Code. These are some of the requirements:

- "On or after the first Monday in January but not later than the first Monday in February of each year, the President shall submit a budget of the United States Government for the following fiscal year."
- "Each budget shall include a budget message and summary and supporting information. The President shall include in each budget the following...." The provision goes on to list about thirty items, such as expenditures and receipts for the past year through the fourth year following the budget year, information on debt, financial information, and information on employment levels.

- "Under regulations prescribed by the President, each agency shall provide information required by the President in carrying out this chapter. The President has access to, and may inspect, records of an agency to obtain information."
- "Estimated expenditures and proposed appropriations for the legislative branch and the judicial branch...shall be submitted to the President before October 16 of each year and included in the budget by the President without change."

15.3 How does the Congress enact the budget and how is the budget enforced?

The Congress does not enact a budget, as such. The Congress reviews the President's Budget and develops its budget by approving three distinct kinds of measures:

- The Congress adopts a concurrent resolution in the spring that specifies total receipts and outlays and major categories of spending.
- Next, legislation authorizing changes in direct spending programs and in taxes are enacted consistent with the budget resolution.
- Finally, the Congress enacts discretionary appropriations in the regular appropriations bills for the upcoming fiscal year.

The current congressional budget process was established by the enactment of the Congressional Budget Act (CBA). Before the CBA, which was enacted in 1974, there was no annual centralized budgeting in the legislative branch. Each of the regular annual appropriations bills was acted on separately by the Congress and changes in taxes were authorized in another process. In addition, there was no established process to add up the total receipts and total spending in all the bills to reach the Federal Government's bottom line, whether it was a surplus or a deficit.

The CBA established the concurrent resolution on the budget, also known as the budget resolution, the House and Senate Budget Committees, the Congressional Budget Office, and procedures for relating individual appropriation actions to the budget totals. Also, the CBA defines some key budget terms, such as budget authority, that are used in all phases of the President's Budget formulation process and the congressional budget process.

The CBA was amended extensively by a series of laws. BBEDCA, one of these amendments, had as its central feature a series of declining deficit targets. BBEDCA was amended by the Budget Enforcement Act, which applied a statutory pay-as-you-go (PAYGO) process to direct spending and revenue legislation and discretionary spending limits to annual appropriations acts. The statutory PAYGO process and discretionary spending limits expired in 2002. Recently enacted laws, however, have reinstated the statutory budget enforcement mechanisms for mandatory spending and revenues and discretionary spending.

The Statutory Pay-As-You-Go Act of 2010 established a statutory procedure to enforce a rule of deficit neutrality on new revenue and mandatory spending legislation. The law requires that new legislation changing revenues or mandatory expenditures, taken cumulatively, must not increase projected deficits. If such legislation does increase projected deficits, the law requires automatic across-the-board cuts in non-exempt mandatory programs. BBEDCA specifies limits ("caps") on the amount of discretionary budget authority that can be provided through the annual appropriations process for 2012 through 2021. If the amount of appropriations provided in appropriations acts for a given year exceeds the caps, the law requires the President to cancel discretionary budgetary resources in non-exempt accounts by the excess amount.

Section 21 provides more information on the Statutory Pay-As-You-Go Act and BBEDCA and their enforcement mechanisms.

15.4 What laws govern the budget execution process when funds are actually spent?

Chapters 13, 15, and 33 of Title 31, United States Code, govern the process of budget execution. Among these, the major laws are the Antideficiency Act, the Impoundment Control Act, the provisions known as the Economy Act which are found in section 1535, the provisions that govern the closing of accounts which are found in sections 1551 through 1555, and provisions of the "Miscellaneous Receipts Act," which is found in section 3302.

The Antideficiency Act requires OMB to apportion the accounts and to monitor spending; prohibits agencies from spending more than the amounts appropriated or apportioned, whichever is lower; requires that agencies control their spending; and provides penalties for overspending.

Specifically, agencies may not:

- Purchase services and merchandise *before* appropriations are enacted and accounts are apportioned;
- Enter into contracts that *exceed* the appropriation for the year or the amount apportioned by OMB, whichever is lower; or
- Pay bills when there is *no cash* in the appropriation or fund account.

The head of each agency is required to establish, by regulation, a system of administrative control of funds that:

- Restricts *obligation* and expenditure (outlays or disbursements) from each account to the *lower of* the amount apportioned by OMB or the amount available for obligation and/or expenditure.
- Enables the head of the agency to identify the person(s) responsible for violating the Act.

There are administrative and criminal *penalties* for violating the Antideficiency Act. Also, the agency head is required to report any violations to the President, through the OMB Director; to the Congress; and to the Comptroller General. See section 145 for instructions on reporting violations.

The Impoundment Control Act, which was enacted in 1974, requires that the President notify Congress whenever an official of the Executive Branch impounds (i.e. withholds) budget authority. There are two types of impoundments: the temporary *deferral* of funds and *rescission proposals* to permanently reduce spending. The Act also prescribes the rules that must be followed whenever the executive branch impounds funds. See section 112 for instructions on reporting deferrals and rescission proposals and the rules that must be followed.

15.5 What does the GPRA Modernization Act of 2010 require?

The GPRA Modernization Act of 2010 updates the Federal Government's performance management framework, retaining and amplifying some aspects of the Government Performance and Results Act of 1993 (GPRA) while also addressing some of its weaknesses. The GPRA in 1993 had established strategic planning, performance planning, and reporting as a framework for agencies to communicate progress in achieving their missions. The GPRA Modernization Act establishes some important changes to existing requirements that move toward a more useful approach to performance planning and reporting on a central website. The GPRA Modernization Act serves as a foundation for helping agencies to focus on

their highest priorities and creating a culture where data and empirical evidence play a greater role in policy, budget, and management decisions. A central program inventory, also required by the Act, has the potential to facilitate coordination across programs by making it easier to find programs that can contribute to a shared goal, as well as improve public understanding about what Federal programs do.

15.6 What do I need to know about the Federal Credit Reform Act of 1990?

This law governs Federal credit programs—ones that make direct loans and loan guarantees. The Act prescribes a special budget treatment for direct loans and loan guarantees that measures their subsidy cost, rather than their cash flows. For most credit programs, Congress must provide budget authority equal to the subsidy cost in annual appropriations acts before the program can make direct loans or loan guarantees. Section 185 of this Circular addresses the requirements of this law, which was enacted as an amendment of Title V of the Congressional Budget Act of 1974.

SECTION 20—TERMS AND CONCEPTS

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Ex-20	Transfers of Budgetary Resources among Federal Government Accounts
	Summary of Changes

Clarifies that when general fund payments are used to finance trust fund outlays to the public, the associated trust fund receipts are netted at the bureau level to prevent double counting in the bureau totals (section 20.6).

Moves the section on discretionary spending, mandatory spending and PAYGO to the new scoring section <u>21</u> (old section 20.9)

Clarifies the usage of management funds (section <u>20.11</u>).

20.1 What is the purpose of this section?

In this section, we define budget terms—such as budget authority, obligation, and outlay—that you need to know in order to understand the budget process and this Circular. We also explain certain of the terms in depth.

20.2 How do I use this section?

- If you just need a brief definition of a term commonly used in the budget process, go to section 20.3. That section lists the terms in alphabetical order.
- If you need a more detailed explanation of the terms and concepts listed in the section titles of the Table of Contents above, go to sections 20.4–20.13.
- If you need to know more about the credit terms defined in section 20.3, go to section 185, Federal credit.
- If you need to know more about the sequestration terms and concepts defined in section 20.3, go to section 100, Sequestration.
- If you need definitions of performance terms, go to section 200, Overview of strategic plans, annual performance plans, and annual program performance reports.

20.3 What special terms must I know?

Advance appropriation means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. (See section 20.4(c).)

Advance funding means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed. (See section 20.4(c).)

Agency means a department or establishment of the Government for the purposes of this Circular. (Compare to bureau.)

Allowance means a lump-sum included in the budget to represent certain transactions that are expected to increase or decrease budget authority, outlays, or receipts but that are not, for various reasons, reflected in the program details. For example, the budget might include an allowance to show the effect on the budget totals of a proposal that would affect many accounts by relatively small amounts, in order to avoid unnecessary detail in the presentations for the individual accounts. The President doesn't propose that Congress enact an allowance as such, but rather that it modify specific legislative measures as necessary to produce the increases or decreases represented by the allowance.

Amendment means a proposed action that revises the President's budget request and is transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of Congress. (See section <u>110.2</u>.)

Apportionment is a plan, approved by OMB, to spend resources provided by one of the annual appropriations acts, a supplemental appropriations act, a continuing resolution, or a permanent law (mandatory appropriations). Resources are apportioned by Treasury Appropriation Fund Symbol (TAFS). The apportionment identifies amounts available for obligation and expenditure. It specifies and limits the obligations that may be incurred and expenditures made (or makes other limitations, as appropriate) for

specified time periods, programs, activities, projects, objects, or any combination thereof. An apportioned amount may be further subdivided by an agency into allotments, suballotments, and allocations. (See <u>Appendix H.</u>)

Appropriated entitlement—See entitlement.

Appropriation means a provision of law (not necessarily in an appropriations act) authorizing the expenditure of funds for a given purpose. Usually, but not always, an appropriation provides budget authority. (See section 20.4.)

Appropriation account—See Treasury Appropriation Fund Symbol.

Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) refers to legislation that shaped the budget process, first by setting fixed targets for annual deficits and then by replacing those with a Pay-As-You-Go requirement for new tax or mandatory spending legislation and with caps on annual discretionary funding. Most of these requirements expired in 2002. The Statutory Pay-As-You-Go Act of 2010, which did not amend BBEDCA, reinstated a statutory pay-as-you-go rule for revenues and mandatory spending legislation. The Budget Control Act of 2011 (BCA), which amended BBEDCA, reinstated discretionary caps on budget authority. (See section 21.3.)

Balances of budget authority means the amounts of budget authority provided in previous years that have not been outlayed.

Baseline means a projection of the estimated receipts, outlays, and deficit or surplus that would result from continuing current law or current policies through the period covered by the budget. (See section <u>80</u>.)

Borrowing authority is a type of budget authority that permits obligations and outlays to be financed by borrowing. (See section 20.4(b).)

Budget means the Budget of the United States Government, which sets forth the President's comprehensive financial plan and indicates the President's priorities for the Federal Government. (See section <u>10.1</u>.)

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. The specific forms of budget authority are appropriations, borrowing authority, contract authority, and spending authority from offsetting collections. (See section 20.4.)

Budget Control Act of 2011 refers to legislation that, among other things, amended BBEDCA to reinstate discretionary spending limits on budget authority through 2021 and restored the process for enforcing those spending limits; increased the statutory debt ceiling; and established a Joint Select Committee on Deficit Reduction that was instructed to develop a bill to reduce the Federal deficit by at least \$1.5 trillion over a 10-year period. It also provided a process to implement alternative spending reductions in the event that legislation achieving at least \$1.2 trillion of deficit reduction was not enacted. (See section 21.3.)

Budget totals means the totals included in the budget for budget authority, outlays, receipts, and the surplus or the deficit. Some presentations in the budget distinguish on-budget totals from off-budget totals. On-budget totals reflect the transactions of all Federal Government entities, except those excluded from the budget totals by law. Off-budget totals reflect the transactions of Government entities that are excluded from the on-budget totals by law. Under current law, the off-budget totals include the Social Security trust funds and the Postal Service. The budget combines the on- and off-budget totals to derive unified (i.e. consolidated) totals for Federal activity.

Budget year (BY) refers to the fiscal year for which the budget is being considered, that is, with respect to a session of Congress, the fiscal year of the Government that starts on October 1 of the calendar year in which that session of Congress begins.

Budgetary resources mean amounts available to incur obligations in a given year. Budgetary resources consist of new budget authority and unobligated balances of budget authority provided in previous years.

Bureau means the principal subordinate organizational units of an agency.

Cancellation means a proposal by the President to reduce budget resources (new budget authority or unobligated balances of budget authority) that is not subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act of 1974. Resources that are proposed by the President for cancellation cannot be withheld from obligation pending Congressional action on the proposal. The term is sometimes used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including rescissions proposed by the President. Cancellations can either be temporary or permanent. (See section 20.4(i).)

Cancellations as a type of reduction should not be confused with the canceled phase of annual and multiyear authority (see section 20.4(c)) or cancellations of budgetary resources in no-year accounts pursuant to 31 U.S.C. 1555 (See Appendix F).

Cap means the legal limits for each fiscal year under BBEDCA on the budget authority and outlays (only if applicable) provided by discretionary appropriations.

Cap adjustment means either an increase or a decrease that is permitted to the statutory cap limits for each fiscal year under BBEDCA on the budget authority and outlays (only if applicable) provided by discretionary appropriations only if certain conditions are met. These conditions may include providing for a base level of funding, a designation of funds by the Congress (and in some circumstances, the President), or a change in concepts and definitions of funding under the cap. Changes in concepts and definitions require consultation with the Congressional Appropriations and Budget Committees.

Cash equivalent transaction means a transaction in which the Government makes outlays or receives collections in a form other than cash or in which the outlays or receipts recorded in the budget differ from the cash because the cash does not accurately measure the value of the transaction. (See section 20.8.)

CHIMP is an acronym for a "**CH**ange (either a cost or a savings) In a Mandatory Program" that is proposed or enacted in an appropriations bill rather than in authorizing legislation. The term applies only to provisions in appropriations acts that change mandatory budget authority, outlays, offsetting collections, or offsetting receipts relative to the baseline. For the purposes of scoring those appropriations acts, such changes are scored as discretionary. After enactment, these changes are no longer considered discretionary, and they again become part of the mandatory baseline in the subsequent Budget. In the MAX budget database, proposed CHIMPs are separately identified with a specific budget enforcement subcategory classification known as a "discretionary change in a mandatory program" until they are enacted in full-year appropriations bills (see section 81.2). This classification only applies to policy estimates—not baseline estimates.

Under the Statutory Pay-As-You-Go Act of 2010, the outlay effects of CHIMPs that alter mandatory budget authority in an outyear are classified as PAYGO (mandatory) impacts except when their net outlay effect is zero over a six-year period beginning with the current year. All changes in revenues in any year are classified as PAYGO, and are not scored as discretionary, even if they are included in an appropriations bill.

Collections mean money collected by the Government that the budget records as a governmental receipt, an offsetting collection, or an offsetting receipt (see section 20.7).

Contract authority is a type of budget authority that permits you to incur obligations in advance of an appropriation, offsetting collections, or receipts to make outlays to liquidate the obligations. Typically, the Congress provides contract authority in an authorizing statute to allow you to incur obligations in anticipation of the collection of receipts or offsetting collections that will be used to liquidate the obligations. (See section 20.4(b).)

Cost means the price or cash value of the resources used to produce a program, project, or activity. This term is used in many different contexts. When used in connection with Federal credit programs, the term means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays (see section 185). For specific instructions on estimating costs, refer to the pertinent OMB instructions: for cost principles for educational institutions, see Circular No. A-21; for estimating costs for user charges, see Circular No. A-25; for rental and construction costs of Government quarters, see Circular No. A-45; for allowable costs for audits, see Circular No. A-50; for cost estimates in performing commercial activities, see Circular No. A-76; and for cost principles for State, local, and Indian Tribal Governments, see Circular No. A-97. The term also refers to legislation or administrative actions that increase outlays or decrease savings.

Credit program account means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy amount to a financing account. (See section 185.)

Current services estimates—See baseline.

Deferral means any executive branch action or inaction that temporarily withholds, delays, or effectively precludes the obligation or expenditure of budgetary resources. The President reports deferrals to the Congress by special message. They are not identified separately in the budget. (See section 112.)

Deficit means the amount by which outlays exceed receipts in a fiscal year. It may refer to the on-budget, off-budget, or unified budget deficit. (See budget totals.)

Deposit fund means an account established to record amounts held temporarily by the Government until ownership is determined (for example, earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (for example, State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). (See section <u>20.11</u>.)

Direct loan means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires the repayment of such funds with or without interest. The term also includes certain equivalent transactions that extend credit. (See section 185.) (Compare to loan guarantee.)

Direct spending—See mandatory spending.

Disaster funding means a discretionary appropriation that is enacted that the Congress designates as being for disaster relief. Such an appropriation results in a cap adjustment to the limits on discretionary spending under BBEDCA. The total adjustment for this purpose cannot exceed a ceiling for a particular year that is defined as the total of the average funding provided for disaster relief over the previous 10 years (excluding the highest and lowest years) and the unused amount of the prior year's ceiling (excluding the portion of the prior year's ceiling that was itself due to any unused amount from the year before). Disaster relief is defined as activities carried out pursuant to a determination under section 102(2) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

Discretionary spending means budgetary resources (except those provided to fund mandatory spending programs) provided in appropriations acts. (See section <u>21.3</u>.) (Compare to mandatory spending.)

Where obligation limitations set in appropriations acts limit permanent budget authority, except trust fund accounts in the Department of Transportation, we define the budget authority for the account as discretionary in an amount equal to the limit. For the Transportation trust funds, the budget authority remains mandatory, although the funds' outlays are discretionary.

Emergency requirement means an amount that the Congress has designated as an emergency requirement in statute and, for discretionary appropriations, designated on an account by account basis. Such amounts are not included in the estimated budgetary effects of PAYGO legislation under the requirements of the Statutory Pay-As-You-Go Act of 2010, if they are mandatory or receipts. Such a discretionary appropriation that is subsequently designated by the President as an emergency requirement results in a cap adjustment to the limits on discretionary spending under BBEDCA.

Entitlement refers to a program in which the Federal Government is legally obligated to make payments or provide aid to any person who, or State or local government that, meets the legal criteria for eligibility. Entitlements are generally provided by an authorizing statute, and can include loan and grant programs. Examples include benefit payments for Social Security, Medicare, Medicaid, and unemployment insurance, as well as grants to States for CHIP and TANF. Some programs, such as veteran's compensation, Medicaid, SSI, and Child Nutrition, are entitlements even though they are funded by appropriations acts because the authorizing statutes for the programs unconditionally obligate the United States to make payments. These are referred to as appropriated entitlements. (See mandatory spending, section 21.3.)

Expenditure transfer—See transfers.

Federal funds group refers to the moneys collected and spent by the Government through accounts other than those designated as trust funds. Federal funds include general, special, public enterprise, and intragovernmental funds. (See section 20.11.) (Compare to trust funds group.)

Financing account means a non-budgetary account (an account whose transactions are excluded from the budget totals) that records all of the cash flows resulting from post-1991direct loan obligations or loan guarantee commitments. At least one financing account is associated with each credit program account. For programs that make both direct loans and loan guarantees, separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows. (See section 185.) (Compare to liquidating account.)

Fiscal year means the Government's accounting period. It begins on October 1 and ends on September 30, and is designated by the calendar year in which it ends.

Forward funding means appropriations of budget authority that become available for obligation in the last quarter of the fiscal year for the financing of ongoing grant programs during the next fiscal year. (See section 20.4(c).)

Full-time equivalent (FTE) employment is the basic measure of the levels of employment used in the budget. It is the total number of hours worked (or to be worked) divided by the number of compensable hours applicable to each fiscal year. (See section <u>85</u>.)

Functional classification means the array of budget authority, outlays, and other budget data according to the major purpose served—for example, agriculture, national defense, and transportation. (See section 79.3.)

General fund means the accounts for collections not earmarked by law for a specific purpose, the proceeds of general borrowing, and the expenditure of these moneys. It is part of the Federal funds group.

Government sponsored enterprises (GSEs) mean private enterprises that were established and chartered by the Federal Government for public policy purposes. They are classified as non-budgetary and not included in the Federal budget because they are private companies, and their securities are not backed by the full faith and credit of the Federal Government. However, the budget presents statements of financial condition for certain Government sponsored enterprises such as the Federal National Mortgage Association. (Compare to off-budget.)

Governmental receipts mean collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment. They are compared to outlays in calculating a surplus or deficit. Receipts and revenues are common terms used in place of governmental receipts. (See section 20.7.) (Compare to offsetting collections and offsetting receipts.)

GTAS means the Governmentwide Treasury Account Symbol Adjusted Trial Balance System. Agency staff uses this system to electronically submit the accounting data that: (a) support the SF 133 Report on Budget Execution and Budgetary Resources, and (b) are used for much of the initial set of past year data in MAX schedule P. (See sections <u>82.15</u> and <u>130.2</u>). This system replaced the Treasury Federal Agencies' Centralized Trial Balance System II (FACTS II).

Impoundment means any executive action or inaction that temporarily or permanently withholds, delays, or precludes the obligation or expenditure of budgetary resources.

Intragovernmental fund—See revolving fund.

Liquidating account means a budget account that records all cash flows to and from the Government resulting from pre-1992 direct loan obligations and loan guarantee commitments. Unlike financing accounts, these accounts are included in the budget totals. (See section <u>185</u>.) (Compare to financing account.)

Loan guarantee means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender. The term does not include the insurance of deposits, shares, or other withdrawable accounts in financial institutions. (See section 185.) (Compare to direct loan.)

Mandatory appropriation—See entitlement authority.

Mandatory spending means spending controlled by laws other than appropriations acts (including spending for entitlement programs) and spending for the food stamp program. Although the Statutory Pay-As-You-Go Act of 2010 uses the term direct spending to mean this, mandatory spending is commonly used instead. (See section 21.3.) (Compare to discretionary spending.)

Means of financing refers to borrowing, the change in cash balances, and certain other transactions that are involved in financing a deficit. The term is also used to refer to the debt repayment, the change in cash balances, and certain other transactions involved in using a surplus. By definition, the means of financing are not treated as receipts or outlays and so are non-budgetary. (See section 20.7(h).)

Nonbudgetary transactions means transactions of the Government that do not belong in the budget because they do not represent net budget authority or outlays, but rather are a means of financing (such as deposit funds, direct loan and loan guarantee financing accounts, and seigniorage). (Compare to off-budget and means of financing.)

Non-expenditure transfer—See transfer.

Obligated balance means the cumulative amount of budget authority that has been obligated but not yet outlayed. As prescribed by 31 U.S.C. 1551, it is the amount of unliquidated obligations in an account less the amounts collectible as repayments to the account. In other words, it is unpaid obligations net of uncollected customer payments from Federal sources. (See section 20.4(g).)

Obligation means a binding agreement that will result in outlays, immediately or in the future. Budgetary resources must be available before obligations can be incurred legally. (See section 20.5.)

Obligation limitation means a type of budgetary resource appropriated to accounts in a manner similar to budget authority that limits the amount of contract authority already made available for obligation by

another law. The obligation limitation is effectively the amount of new budget authority available for obligation for that period. Obligation limitations are common in Transportation.

Off-budget refers to transactions of the Federal Government that would be treated as budgetary had Congress not designated them by statute as "off-budget." Currently, transactions of the Social Security trust funds and the Postal Service are the only sets of transactions that are so designated. The term is sometimes used more broadly to refer to the transactions of private enterprises that were established and sponsored by the Government, most especially "Government sponsored enterprises" such as the Federal Home Loan Banks. (Compare to on-budget.)

Offsetting collections mean payments to the Government that, by law, are credited directly to expenditure accounts and deducted from gross budget authority and outlays of the expenditure account, rather than added to receipts. Usually, they are authorized to be spent for the purposes of the account without further action by Congress. They usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government and from intragovernmental transactions with other Government accounts. The authority to spend offsetting collections is a form of budget authority. (See sections 20.4(b) and 20.7.) (Compare to governmental receipts and offsetting receipts.)

Offsetting receipts mean payments to the Government that are credited to offsetting receipt accounts and deducted from gross budget authority and outlays, rather than added to receipts. Usually they are deducted at the level of the agency and subfunction, but in some cases they are deducted at the level of the government as a whole. They are not authorized to be credited to expenditure accounts. The legislation that authorizes the offsetting receipts may earmark them for a specific purpose and either appropriate them for expenditure for that purpose or require them to be appropriated in annual appropriations acts before they can be spent. Like offsetting collections, they usually result from business-like transactions with the public, including payments from the public in exchange for goods and services, reimbursements for damages, and gifts or donations of money to the Government, and from intragovernmental transactions with other Government accounts. (See section 20.7.) (Compare to governmental receipts and offsetting collections.)

On-budget refers to all budgetary transactions other than those designated as off-budget. (Compare to off-budget.)

Outlay means a payment to liquidate an obligation (other than the repayment of debt principal or other disbursements that are "means of financing" transactions). Outlays generally are equal to cash disbursements but also are recorded for cash-equivalent transactions, such as the issuance of debentures to pay insurance claims, and in a few cases are recorded on an accrual basis such as interest on public issues of the public debt. Outlays are the measure of Government spending. (See section 20.6.)

Outyear estimates mean estimates presented in the budget for the years beyond the budget year of budget authority, outlays, receipts, and other items (such as debt).

Overseas Contingency Operations/Global War on Terrorism (OCO/GWOT) means a discretionary appropriation that is enacted that the Congress and, subsequently, the President have so designated on an account by account basis. Such a discretionary appropriation that is designated as OCO/GWOT results in a cap adjustment to the limits on discretionary spending under BBEDCA. Funding for these purposes has most recently been associated with the wars in Iraq and Afghanistan.

Pay-as-you-go (PAYGO) refers to the requirements of the <u>Statutory Pay-As-You-Go Act of 2010</u> that result in a sequestration if the estimated combined result of new legislation affecting direct spending or revenue increases the on-budget deficit relative to the baseline, as of the end of a congressional session. (See section 21.3.)

Public enterprise fund—See revolving fund.

Reappropriation means an extension of the availability of unobligated balances of budget authority that have expired or would otherwise expire as a result of legislation enacted subsequent to the law that provided the budget authority. (See section 20.4(h), section 120.66.)

Receipts—See governmental receipts or offsetting receipts.

Reduction in budgetary resources means a rescission (see section 20.4(i)); cancellation (see section 20.4(i)); across-the-board reduction; or sequestration (see section 100).

Refund means the return of excess payments to or by the Government. (See section 20.9.)

Reimbursable obligation means an obligation financed by offsetting collections credited to an expenditure account in payment for goods and services provided by that account. (See section <u>83.5.</u>)

Rescission means a proposal by the President to reduce budgetary resources (new budget authority or unobligated balances of budget authority) pursuant to the requirements of Title X of the Congressional Budget and Impoundment Control Act of 1974. Resources that are proposed by the President for rescission may be withheld from obligation for 45 calendar days of continuous session of the Congress (excluding an adjournment of more than three days on which either House is not in session) pending congressional action on the proposal. The term is often used more broadly to refer to any legislative action taken by the Congress to reduce budgetary resources, including reductions that were not proposed pursuant to the Impoundment Control Act. Rescissions can either be temporary or permanent. (See section 20.4(i).)

Revolving fund means a fund that conducts continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations. There are three types of revolving funds: Public enterprise funds, which conduct business-like operations mainly with the public, intragovernmental revolving funds, which conduct business-like operations mainly within and between Government agencies, and trust revolving funds, which conduct business-like operations mainly with the public and are designated by law as a trust fund. (See section 20.11)

Scorekeeping means measuring the budget effects of legislation in terms of budget authority, governmental receipts, and outlays, for purposes of measuring adherence to the President's Budget, other budget targets, or budget enforcement laws. (See section 21.)

Sequestration means the cancellation of budgetary resources. The <u>Statutory Pay-As-You-Go Act of 2010</u> requires such cancellations if revenue or direct spending legislation is enacted that, in total, increases projected deficits or reduces projected surpluses relative to the baseline. BBEDCA requires annual across-the-board cancellations to selected mandatory programs through 2025 and would require cancellations if discretionary appropriations exceed the statutory limits on discretionary spending. (See section <u>100</u>.)

Special fund means a Federal fund account for receipts earmarked for specific purposes and the expenditure of these receipts. (See section 20.11.)

Spending authority from offsetting collections is a type of budget authority that permits obligations and outlays to be financed by offsetting collections (see section 20.4(b)). (Compare to offsetting collections.)

Statutory Pay-As-You-Go Act of 2010 refers to legislation that reinstated a statutory pay-as-you-go requirement for new tax or mandatory spending legislation. The law is a stand-alone piece of legislation that cross-references BBEDCA but does not directly amend that legislation.

Subsidy means the estimated long-term cost to the Government of a direct loan or loan guarantee, calculated on a net present value basis, excluding administrative costs and any incidental effects on governmental receipts or outlays. (See section <u>185</u>.)

Supplemental appropriation means an appropriation enacted subsequent to a regular annual appropriations act, when the need for funds is too urgent to be postponed until the next regular annual appropriations act. (See section <u>110.2</u>.)

Surplus means the amount by which receipts exceed outlays in a fiscal year. It may refer to the on-budget, off-budget, or unified budget surplus. (See budget totals.)

Third scorecard is sometimes used to refer to the effects of a mandatory or revenue proposal that are not subject to PAYGO (see sections <u>79.2</u> and <u>81.2</u> for more information on reporting these effects in MAX.) These non-PAYGO effects may include:

- The PAYGO-exempt portions of mandatory or revenue proposals that require authorizing legislation, such as off-budget or emergency legislation;
- The indirect effect of mandatory or revenue proposals, including proposals that require authorizing legislation, which are not subject to PAYGO. Indirect effects include the effects on interest;
- The mandatory or revenue savings or costs that result from discretionary policies, such as the savings associated with an increased level of anti-fraud or enhanced compliance effort achieved by additional administrative or program management funding.

Transfer means to move budgetary resources from one budget account to another. Depending on the circumstances, the budget may record a transfer as an expenditure transfer, which means a transfer that involves an outlay, or as a nonexpenditure transfer, which means a transfer that doesn't involve an outlay. (See section 20.4(j).)

Transfer in the estimates means a proposal to stop funding an activity through one budget account and begin funding it through another account. A transfer in the estimates doesn't involve a transfer of budgetary resources between the accounts. (See section 20.4(k).)

Treasury Account Symbol (TAS) refers to the account identification codes assigned by the Department of the Treasury to individual appropriation, receipt, or other fund accounts. All financial transactions of the Federal Government are classified by TAS for reporting to the Department of the Treasury and the Office of Management and Budget. TAS includes all the component pieces of Treasury Appropriation Fund Symbol plus any sub-accounts established by Treasury.

Treasury Appropriation Fund Symbol (TAFS) refers to the separate Treasury accounts for each appropriation title based on the availability of the resources in the account. The TAFS is a combination of Federal agency; allocation agency, when applicable; account symbol; and availability code (e.g., annual, multi-year, or no-year). (See section 20.4(c)).

Trust fund refers to a type of account, designated by law as a trust fund, for receipts or offsetting receipts dedicated to specific purposes and the expenditure of these receipts. Some revolving funds are designated as trust funds, and these are called trust revolving funds. Trust revolving funds have no receipt account and the collections are credited directly to the expenditure account. (See section 20.11.) (Compare to special funds and revolving funds.)

Trust funds group refers to the moneys collected and spent by the Government through trust fund accounts. (See section 20.11.) (Compare to Federal funds group.)

Unexpended balance means the sum of the unobligated and obligated balances.

Unobligated balance means the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts. The term "expired balances available for adjustment only" refers to unobligated amounts in expired accounts. (See section 20.4(f).)

User charges are charges assessed for the provision of Government services and for the sale or use of Government goods or resources. The payers of the user charge must be limited in the authorizing legislation to those receiving special benefits from, or subject to regulation by, the program or activity beyond the benefits received by the general public or broad segments of the public (such as those who pay income taxes or customs duties). User charges are defined and the policy regarding user charges is established in OMB Circular A-25, "User Charges" (July 8, 1993). The term encompasses proceeds from the sale or use of Government goods and services, including the sale of natural resources (such as timber, oil, and minerals) and proceeds from asset sales (such as property, plant, and equipment). (See section 20.7(g).)

Warrant means an official document issued by the Secretary of the Treasury, pursuant to law, that establishes the amount of appropriations approved by the Congress that can be obligated and disbursed.

20.4 What do I need to know about budget authority?

(a) Definition of budget authority

Budget authority (BA) means the authority provided by law to incur financial obligations that will result in outlays. This definition is the same as the one contained in section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, which the Congress uses in the congressional budget process. You violate the law if you enter into contracts, issue purchase orders, hire employees, or otherwise obligate the Government to make a payment before a law has provided budget authority for that purpose (see section 145.1).

(b) Forms of budget authority

Most laws provide budget authority in the form of appropriations, but some laws provide budget authority in the form of contract authority, borrowing authority, or spending authority from offsetting collections. The following table summarizes the characteristics of each form of budget authority, and the text following the table discusses them in more depth.

FORMS OF BUDGET AUTHORITY

Form of budget authority	Summary of Characteristics	
Appropriation	 Authorizes obligations and outlays using general funds, special funds, or trust funds. 	
	 Provided in appropriations acts and other laws. 	
	 May authorize the use of cash-equivalent payments. 	
	 Not all appropriations provide budget authority. 	
Contract authority	Authorizes obligations but not outlays.	
	 Typically provided in authorizing laws with variations in the way obligations are liquidated. 	
Borrowing authority	Authorizes obligations with outlays to be financed by borrowing, usually from Treasury.	
	 Typically provided in laws that authorize business-like operations and require the borrowing to be repaid, with interest, out of the business proceeds. 	

Form of budget authority	Summary of Characteristics
Spending authority from offsetting collections	 Authorizes obligations and outlays using offsetting collections.
	 Typically provided in authorizing laws.
	 Appropriations acts limit obligations in some cases.
	 Budget authority may be recorded and obligations incurred against orders from other Federal accounts only if an obligation is recorded by the paying account; obligations normally cannot be incurred against orders from the public without an advance.

(1) **Appropriations**, as a type of budget authority, permit you to incur obligations and make outlays (payments). (Not all appropriations provide budget authority, as explained below.) The Congress enacts appropriations in annual appropriations acts and other laws. An appropriation may make funds available from the general fund, special funds, or trust funds. An appropriations act may also authorize the spending of offsetting collections, which are credited to expenditure accounts (including revolving funds) (see spending authority from offsetting collections below).

A law that authorizes you to incur obligations and liquidate them through cash-equivalent payments (see section 20.8) constitutes an appropriation of budget authority.

Some appropriations are not recorded as new budget authority because they relate to obligations that have already been legally incurred and do not provide the authority to incur new obligations. Amounts appropriated to liquidate contract authority provide the cash needed to liquidate obligations incurred against contract authority in advance of collections or an appropriation to liquidate; amounts appropriated to liquidate debt provide the cash needed to repay money borrowed from Treasury to liquidate obligations incurred against borrowing authority.

In contrast, deficiency appropriations, which allow agencies to liquidate obligations that were incurred in a prior fiscal year without sufficient budget authority to legally cover such obligations, are recorded as new budget authority but deducted from the total budgetary resources available for obligation. Deficiency appropriations reduce or eliminate the negative balance that results from obligating amounts in excess of an account's budgetary resources (see section 82.18 and Appendix F). This treatment helps ensure that any obligations that were incurred without sufficient budget authority, particularly in cases where the obligation has yet to be liquidated, are still recognized in the budget authority totals as a current cost. If these costs are not recognized as new budget authority, then the total budget authority available to enter into new obligations in a given fiscal year will have effectively been allowed to increase without scoring the impact of that increase. See section 145.10 for guidance on when to request a deficiency appropriation.

For purposes of the Antideficiency Act, the definition of the term "appropriations" is broader. As defined by the Act, it means all new budget authority and balances of budget authority as described here.

(2) **Contract authority** permits you to incur obligations in advance of an appropriation, offsetting collections, or receipts that enable you to make outlays to liquidate the obligations. Typically, the Congress provides contract authority in an authorizing statute to allow you to incur obligations in anticipation of the collection of receipts or offsetting collections that will be used to liquidate the obligations. When you receive the appropriated receipts or the collections, you replace the contract authority with the appropriation or the spending authority from the offsetting collections to cover the obligations and subsequently liquidate the obligations.

For some programs, the law authorizes you to use offsetting collections to liquidate the obligations incurred against the contract authority without further appropriation action. In a few cases, such as the foreign military sales program, the law that provides the contract authority also appropriates the receipts without further appropriation action. For other programs, such as certain highway and airport and airway programs, the Congress as a matter of custom requires you to seek an appropriation of receipts to liquidate the obligations.

In some instances, if the program does not have sufficient collections to liquidate the obligations incurred against contract authority, the Congress may enact a general fund appropriation.

- (3) **Borrowing authority** permits you to incur obligations and authorizes you to borrow funds to liquidate the obligations. Usually, the law authorizing the borrowing specifies that you must borrow from the Treasury, but in a few cases it authorizes borrowing directly from the public. Laws usually authorize borrowing for business-like operations, such as the Tennessee Valley Authority, which generates and sells electrical power. Such laws require the program to repay the borrowing, with interest, out of business proceeds.
- (4) **Spending authority from offsetting collections**, usually provided in permanent law, permits you to credit offsetting collections to an expenditure account (see section 20.7(d)), to incur obligations, and to make payments using the offsetting collections.

You record spending authority from offsetting collections and the offsetting collections in the program and financing schedule of an account (see section 82.18). In the simplest case, you record gross budget authority equal to the cash collections for the year (lines 1700 and 1800) and record the cash collections as an offset to the budget authority (lines 4030-4034 and 4120-4124). Net budget authority equals zero in such cases. In other cases, you must adjust spending authority from cash collections to yield the amount available as budget authority. We describe these adjustments in section 82.18 (lines 1701-1728 and 1801-1827). We discuss some of these adjustments (offsetting collections credited to expired accounts, changes in uncollected customer payments from Federal sources, and amounts precluded from obligation)—in more detail below.

Offsetting collections credited to expired accounts. For annual and multi-year accounts that perform reimbursable work, the spending authority from the offsetting collections belongs to the Treasury account that filled the order. (See section 20.11 for the distinction between Treasury accounts (TAFS) and budget accounts.) The availability of the spending authority is generally the same as the Treasury account to which it belongs. If the annual or multi-year Treasury account has expired, then you should NOT record the collection as new spending authority (schedule P lines 1700 and 1800) because it is not available to incur new obligations. It is not new budget authority. However, collections that belong to expired Treasury accounts are available to pay old bills, until the authority is canceled. You record collections in expired accounts as offsetting collections along with the collections in unexpired accounts (schedule P lines 4030-4034 and 4120-4124). You report the portion credited to expired accounts only on schedule P lines 4052 or 4142. For more information on determining the period of availability of budget authority, see section 20.4(c). As discussed in section 20.11, each budget account covers all the Treasury accounts with the same appropriation title. The program and financing schedule covers:

- Unexpired accounts (annual, multi-year and no-year); and
- Expired accounts.

You subtract all offsetting collections (unexpired and expired) from gross outlays to yield net outlays so that the contribution of the budget account to the Federal Government's bottom line (the surplus or deficit) can be determined.

For **no-year** accounts, you record gross new budget authority (spending authority from offsetting collections) equal to the collections for the year and record the collections as an offset to the budget authority.

Because offsetting collections and offsetting receipts are deducted from gross budget authority, they are referred to as negative budget authority for some purposes, such as Congressional Budget Act provisions that pertain to budget authority.

Amounts precluded from obligation. A law may preclude you from using some of the offsetting collections to incur obligations. In these cases, the precluded amounts are not counted as budget authority. However, you always deduct the full amount of offsetting collections (cash) from gross budget authority and gross outlays in the year you collect them, even where a law precludes you from obligating all or a portion of the collections in that year. For this reason, an account can have negative net budget authority or outlays. As a general rule, you record obligations first against new offsetting collections. To the extent that the new offsetting collections are not adequate to cover obligations, you record new budget authority from previously unavailable balances of offsetting collections, but you may not exceed the new obligation limitation, if any.

Changes in uncollected customer payments from Federal sources. You need to adjust the spending authority from cash collections if the account is authorized to perform reimbursable work for another Federal account and you incur obligations against receivables from Federal sources and unfilled customer orders from Federal sources without an advance—that is, before receiving the cash. The law allows you to incur such obligations as long as the paying account is a Federal account and an obligation is recorded against resources available to the paying account. For example, a financing account can obligate against a subsidy accounts receivable from the program account before the cash is received from the program account if the program account has recorded an obligation in the form of a subsidy accounts payable to the financing account. (You cannot incur obligations against customer orders received from non-Federal sources without an advance, unless a law specifically allows it.)

In these cases, you must add any net increase in such amounts for the year to the spending authority from cash collections, or subtract any net decrease in such amounts for the year from the spending authority from cash collections, to yield the gross budget authority available to the account from offsetting collections. You also add (or subtract) the same amount to offsetting collections (cash) to yield the amount of the offset applied to gross budget authority when calculating net budget authority (see section 82.18).

When program levels remain relatively stable, the amount of reimbursements from other Federal Government accounts that is earned but not collected should remain relatively stable and any changes in uncollected customer payments from Federal sources should net to zero. Therefore, unless an account is projecting significant increases or decreases in program level, there should be no outyear estimates of changes in uncollected customer payments.

(c) Period of availability of budget authority

When a law appropriates budget authority, it sets the period during which you can use it to incur new obligations. We call this the period of availability for new obligations of the budget authority, and the period normally is specified in the law providing the budget authority. The period of availability for incurring new obligations is shorter than the period of availability for making disbursements, which is covered by a general law. Each is described below.

Period of availability for incurring new obligations:

• Annual budget authority. This term refers to budget authority that is available for obligation during only one fiscal year or less. One year is the default period of availability for annual appropriations acts (including an appropriation that provides indefinite authority such as "such sums as may be necessary..."), because a general provision in each of the acts specifies that the amounts provided in the act are available for one year, unless the act expressly provides otherwise. Even if there were not such a provision, the preamble of an appropriations act says that it is for a specific

fiscal year. For example, the following language in an appropriation act would provide one-year budget authority: "For expenses of the Office of the Secretary, \$1,500,000."

- Multi-year budget authority. The language for a specific appropriation of budget authority in an appropriations act or the authorization of the appropriation may make all or some portion of the amount available for obligation for a specified period of time in excess of one fiscal year. Usually, the period covers two or more whole fiscal years, but it may cover a period that includes part of the second fiscal year. We refer to such budget authority as multi-year budget authority or, specifically, as two-year budget authority, three-year budget authority, etc. For example, if the following language appeared in an appropriations act for 2011, it would provide two-year budget authority: "For research and development, \$1,500,000, to remain available until September 30, 2012."
- No-year budget authority. The language for a specific appropriation of budget authority or the authorization of the appropriation may make all or some portion of the amount available until expended. That means you can incur obligations against it indefinitely. We refer to this as no-year budget authority. For example, the following language provides no-year budget authority: "For construction, improvements, repair or replacement of physical facilities, \$1,500,000, to remain available until expended." Authorizing laws that make appropriations seldom limit the period of availability, so most budget authority provided in authorizing laws is no-year budget authority. 31 U.S.C. 1555 provides for the closing of appropriation accounts that are available for indefinite periods if the agency head or the President determines that the purposes of the appropriation have been carried out and no disbursement has been made for two consecutive fiscal years. See Appendix F for a description of line 1029, other balances withdrawn.

Usually an appropriations act makes budget authority available beginning on October 1 of the fiscal year for which the appropriation act is passed. However, there are three types of appropriations where that is not the case.

- Advance appropriation means appropriations of new budget authority that become available one or more fiscal years beyond the fiscal year for which the appropriation act was passed. For example, if the following language appeared in an appropriations act for fiscal year 2012, it would provide an advance appropriation for fiscal year 2013: "For operating expenses, \$1,500,000, to become available on October 1, 2013." Under current scoring guidelines, new budget authority for advance appropriations is scored in the fiscal year in which the funds become available for obligation and must be accommodated within the statutory spending caps for that year (see section 21.3 (g)). In this example, you would record the budget authority in fiscal year 2014.
- Advance funding means appropriations of budget authority provided in an appropriations act to be used, if necessary, to cover obligations incurred late in the fiscal year for benefit payments in excess of the amount specifically appropriated in the act for that year, where the budget authority is charged to the appropriation for the program for the fiscal year following the fiscal year for which the appropriations act is passed. When such budget authority is used, the budget records an increase in the budget authority for the fiscal year in which it is used and a reduction in the budget authority for the following fiscal year. The following language, when added to regular appropriation language, provides advance funding: "...together with such sums as may be necessary to be charged to the subsequent year appropriation for the payment of compensation and other benefits for any period subsequent to August 15 of the current year."
- Forward funding means appropriations of budget authority that are made available for obligation in the last quarter of the fiscal year for the financing of ongoing grant program during the next fiscal year. The budget records the budget authority in the fiscal year in which it is appropriated. The following language, if it appeared in an appropriation act for 2014, would provide forward funding, which would be recorded in fiscal year 2014: "... of which \$2,000,000,000 shall become available on July 1, 2014 and shall remain available through September 30, 2015 for academic year 2014–2015."

Period of availability for making disbursements:

Under a general law, annual budget authority and multi-year budget authority may disburse during the first two phases of the following three phases that make up the life cycle of the budget authority.

- Unexpired phase. During this time period the budget authority is available for incurring "new" obligations. You may make "new" grants or sign "new" contracts during this phase and you may make disbursements to liquidate the obligations. This phase lasts for a set number of years. Annual budget authority lasts for up to one fiscal year. Multi-year authority lasts for longer periods, currently from over one fiscal year up to 15 fiscal years, and no-year authority lasts indefinitely.
- Expired phase. During this time period, the budget authority is no longer available for new obligations but is still available for disbursement. This phase lasts five years after the last unexpired year unless the expiration period has been lengthened by legislation. Specifically, you may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements.
- However, you may use the expired budget authority to make certain adjustments to obligations that were incurred before the budget authority expired. For example, you could make an upward adjustment in previously recorded obligations for transportation charges, under an agreement to pay actual transportation charges, if they turned out to be greater than originally estimated. Unless there is an exception in law, you may use expired authority to make adjustments to obligations or disbursements only during a period of five years after the last unexpired year. The expired period can be lengthened by legislation. If you have a program with a legitimate need to disburse funds for more than five years after the authority expires for obligation—for example, to make disbursements over many years under direct loan contracts, to pay termination costs under a contract, or to make payments under a lease—and your OMB representative approves, you may propose special language to disburse over a period longer than five years (see section 95.8). You may disburse during the longer period only if the special language is enacted in law.
- Canceled phase. After the last expired year, the account is closed, and the balances are canceled. The authority to disburse is canceled and is no longer available for any purpose. Any offsetting collections credited to the account at the time the account is canceled or subsequently must be transferred to miscellaneous receipts in the Treasury. Any old bills with valid obligations that show up after the account is closed must be obligated against and disbursed from budget authority that is available for the same general purpose but still in the unexpired phase. For example, an old bill from obligations incurred against an FY 2006 annual salaries and expense (S&E) account that arrives after the authority is canceled must be obligated and disbursed against the corresponding FY 2012 annual S&E account.

No-year authority usually stays in the unexpired phase until fully obligated and disbursed. When the purposes for which the authority was made available have been achieved, the account may be closed and the authority canceled.

(d) Determining the amount of budget authority

If a law provides budget authority in a specific amount, we refer to it as definite budget authority. We consider the budget authority definite when the language provides a ceiling, for example "not to exceed" a specified amount. You record the specified amount as budget authority. For example, this language would provide definite budget authority of \$100 million: "For salaries and expenses, not to exceed \$100,000,000."

If a law doesn't specify an amount of budget authority, but, instead, specifies a variable factor that determines the amount, or a floor, for example "not less than" a specified amount, we refer to the budget authority as indefinite. If the law provides "such sums as may be necessary" to cover the obligations

resulting from an entitlement (such as unemployment insurance), record budget authority in the past year equal to the amount obligated and in other years equal to your estimate of obligations. If a law authorizes you to obligate all of the receipts from a specified source, record budget authority equal to the amount of receipts you collected in the past year and equal to amounts you estimate you will collect in other years.

If a law appropriates a specific amount to be derived from receipts, it limits the amount of budget authority actually provided to the lower of the actual receipts or the amount specified. For example, if the language read, "... and, in addition, \$75,000,000 of the amounts collected under section 101 of the Authorization Act of 2005," you could obligate only the amount actually collected, up to \$75,000,000. Similarly, if a law appropriates an amount to be derived from a special or trust fund, it limits the amount of budget authority actually provided to the lower of the amount of the balances in the fund or the specified amount. For example, language that reads, "For necessary expenses, \$1,500,000, to be derived from the Land Restoration Trust Fund," allows you to obligate only the amount actually in the fund and no more than \$1,500,000. If a law authorizes you to obligate all of the receipts credited to a fund, record budget authority equal to the amount of receipts collected by the fund in the past year and equal to the amounts you estimate you will collect in other years.

Some laws that provide borrowing authority limit the amount of debt that may be outstanding at any one time. This may limit your ability to incur obligations indirectly, because you must consider your ability to borrow the cash needed to liquidate the obligations that will become due, but it doesn't determine the level of obligations directly. In such cases, treat the budget authority as indefinite and record the amount that you obligated in the past year or estimate you will obligate in other years. Balances of indefinite borrowing authority may not be carried forward in excess of amounts needed to cover obligations. Under the scorekeeping guidelines used by OMB and congressional scorekeepers, OMB will score legislation that imposes or changes a limit of this type only to the extent that we estimate that it will alter the amount of obligations that will be incurred (see Appendix A, scorekeeping guideline no. 16).

Most budget authority provided in appropriations acts is definite, and most budget authority provided in other laws is indefinite.

The Congress may enact laws that preclude agencies from using all of their potential budget authority. For example, in some cases the Congress enacts limitations on obligations or program levels in appropriations acts that limit the authority to use offsetting collections or receipts provided in authorizing legislation. In other cases, the authorizing law may itself limit the amount of obligations you may incur, such as through a benefit formula that determines the amount of benefits that may be obligated.

For special and trust funds with indefinite budget authority whose obligations are constrained by a limitation on obligations or benefit formula, the collections in excess of such limitations or benefit formulas are not counted as budget authority. Similarly, offsetting collections that are precluded from obligation are not counted as budget authority. In these cases, you reduce the spending authority by the precluded amount. The precluded amounts are considered to be unavailable and are not included in the account's unobligated balances. You record new budget authority in the year the amounts become available for obligation under the law.

(e) Discretionary or mandatory and current or permanent budget authority

BBEDCA requires us to classify budget authority (and outlays) as either discretionary spending or mandatory spending, and applies a different set of rules to each type of spending. We explain this further in section 21.3.

Sometimes, budget authority is characterized as current or permanent. Current authority requires congressional appropriations action on the request for new budget authority for the year involved. Permanent authority becomes available pursuant to standing provisions of law without further appropriations action by the Congress after transmittal of the budget for the year involved. Generally, budget authority is current if an annual appropriations act provided it and permanent if authorizing

legislation provides it. By and large, the current/permanent distinction has been replaced by the discretionary/mandatory distinction, which is similar but not identical.

(f) Unobligated balance

An unobligated balance consists of the cumulative amount of budget authority that remains available for obligation under law in unexpired accounts. This means that, unless the law expressly provides otherwise, rescissions and cancellations of unobligated balances apply only to unexpired amounts. In cases where rescissions or cancellations are determined to apply to expired amounts, such amounts would not count as discretionary offsets for appropriations.

In budget execution, both the unexpired, unobligated balances of budget authority at the start of the year, (which is available for new obligations) and the expired amounts (which are only available to cover upward adjustments to prior year obligations) are reported as budgetary resources.

In budget formulation, only the unexpired, unobligated balances brought forward are reported; expired balances available for adjustment only are not included. Unobligated balances carried forward must meet all of the following conditions:

- They are balances of budget authority that have never been obligated or that have been obligated and deobligated;
- They are balances of budget authority that do not expire at the end of the fiscal year;
- They do not include any amounts for: (1) indefinite appropriations, except available special and trust fund receipts; (2) indefinite borrowing authority; or (3) indefinite contract authority; and
- The amount can be quantified by subtracting the obligations to date from the amount of budget authority provided (new budget authority and unobligated balances carried forward at the start of the year from the previous fiscal year). That is, the law providing the budget authority must have specified a definite amount or an indefinite amount based on the appropriation of collections from a specified source. "Such sums as may be necessary" cannot be quantified.

Unavailable special and trust fund receipts or unavailable offsetting collections should not be counted as budget authority and, therefore, there should be no unobligated balances as a result of them. Unavailable receipts are included in the special and trust fund receipts schedule (see section <u>86.4</u>); unavailable offsetting collections are presented as a memorandum entry in the program and financing schedule (see section <u>82.18</u>).

In budget schedules, such as the program and financing schedule, the unobligated balance carried forward at the end of a year is equal to the unobligated balance at the start of the next year.

The unobligated balances you report for the start and end of the past year must be consistent with the amounts reported in GTAS (see sections <u>82.11</u> and <u>82.12</u>).

(g) Obligated balance

The term obligated balance is a term of art that is defined in law as a "net" concept. It is not the unpaid obligations. The obligated balances are calculated as follows:

- Take the unpaid obligations (which is the sum of the accounts payable and the undelivered orders);
 and
- Subtract the uncollected customer payments from Federal sources (i.e., accounts receivable and the unpaid, unfilled orders from Federal sources).

(h) Reappropriation

A reappropriation is an extension of the availability of unobligated balances of budget authority that have expired or would otherwise expire as a result of legislation enacted subsequent to the law that provided the budget authority. The term does not apply to extensions of the availability of unobligated balances of budget authority that result from standing provisions of law, enacted before the budget authority was provided, or from provisions of law included in the same law that appropriated the funds. An example of an extension included in the same law that appropriated the funds is section 511 of the Treasury and General Government Appropriations Act, 2003, which allows agencies to extend the period of availability (expired to unexpired) of unobligated balances of appropriations (annual or multi-year) provided in the same act. The Act states:

"... not to exceed 50 percent of unobligated balances remaining available at the end of fiscal year 2002 from appropriations made available for salaries and expenses for fiscal year 2002 in this Act, shall remain available through September 30, 2003, ..."

Reappropriations of expired balances that are newly available for obligation in the current or budget year will be recorded as new budget authority (reappropriations) in the year they are newly available, in the full amount of the potential extension. Likewise, reappropriations of amounts that would expire before the legislation takes affect (e.g., a reappropriation of funds that would expire at the end of FY 2014 included in an FY 2015 appropriations act enacted in August, 2014) would be treated as new budget authority (reappropriations). An example of this type of extension is found in section 137 (Division F) of the Consolidated Appropriations Act, 2003, which states:

"....the funds provided in Labor, Health and Human Services, Education and Related Agencies Appropriations Act of 2002, Public Law 107–116, for the National Museum of African American History and Culture Plan for Action Presidential Commission shall remain available until expended."

In this example the FY 2002 appropriated funds were annual and therefore would have expired at the end of September 30, 2002. The language in the FY 2003 appropriation reappropriated the expired funds to unexpired no-year funds.

Reappropriations of unexpired balances or reappropriations of expired balances that cannot take effect until a fiscal year beyond the budget year will be reported as balance transfers in the year they are newly available for obligation.

Similar to reappropriations of unexpired balances, extensions in availability resulting from standing provisions of law or from provisions of law included in the same law that appropriated the funds will be shown as balance transfers. See section 120.66 for a complete discussion on reporting for all types of extensions in availability.

(i) Rescissions and cancellations

Rescissions and cancellations are reductions in law of budgetary resources. Reductions are recorded as negative budget authority in the year the reduction takes effect, regardless of whether the action reduces new budget authority or unobligated balances. If a law that precludes the obligation of budgetary resources in one year and authorizes their obligation in a subsequent year, you record negative budget authority in year of the reduction and new budget authority in the subsequent year.

Proposed cancellations and all enacted reductions should be included in the regular budget schedules under transmittal code 0 (see section 79.2). Proposed rescissions, which are subject to the requirements of Title 10 of the Congressional Budget and Impoundment Control Act, require separate schedules under transmittal code 5 (see section 112).

The Congress can enact reductions in many ways. For example, the language can specify a dollar or percentage reduction and can pertain to a specific account or multiple accounts. Sequestration is also cancellation of budgetary resources (see section 100 for complete guidance on sequestration). Rescissions and cancellations can impact all types of budget authority and can be permanent or temporary subject to the underlying availability of the funds and to the specific statutory authority for the reduction.

Rescissions and cancellations of general fund appropriations are considered to be permanent reductions unless the legislation clearly indicates that the reduction is temporary. Permanent reductions of general fund appropriations revert to the General Fund of the U.S. Treasury. Reductions of contract authority and borrowing authority are also usually permanent.

Rescissions and cancellations of amounts appropriated from special and trust fund receipts, as well as spending authority from offsetting collections from non-Federal sources, are usually temporary reductions. For rescissions and cancellations of spending authority from offsetting collections from Federal sources, the original source of the funding needs to be considered to determine whether the reduction is temporary or permanent. The reduction amounts are reported as balances of unappropriated receipts (see section 86.4) or as unavailable offsetting collections (see section 82.18). If the reduced amount is permanently appropriated, it becomes available in the following year, but if it is subject to appropriations, it is not available again until further appropriations action has occurred. An exception is when the legislation makes clear that the amounts are permanently canceled or rescinded, in which case the amounts are returned to the General Fund of the U.S. Treasury.

Rescissions and cancellations of amounts that have been designated as emergency requirements are not counted as PAYGO offsets for the purposes of the Statutory Pay-As-You-Go Act of 2010. In addition, rescissions and cancellations of amounts that have been designated pursuant to a Concurrent Resolution on the Budget or BBEDCA as emergency requirements, as appropriations for Overseas Contingency Operations/Global War on Terrorism (OCO), or as disaster funding are not counted as discretionary offsets for appropriations of non-emergency, non-OCO, or non-disaster funds.

- (j) Transfer
- (1) **Definition**. Transfer means to reduce budgetary resources (budget authority and unobligated balances) in one account and increase them in another, by the same amount.
- (2) **Authority**. You can't make a transfer unless a law authorizes it. The law may specify a particular transfer or provide general transfer authority within specified limits.
- (3) **Expenditure transfer or nonexpenditure transfer**. A transfer is recorded as either an expenditure transfer, which involves an outlay, or a nonexpenditure transfer, which does not involve an outlay. Which you record usually depends on the purpose of the transfer, as explained in the following table, except that nonexpenditure transfers are limited to transactions in which both accounts are within the same fund group (i.e., trust-to-trust or Federal-to-Federal). See also exhibit 20.

If the transfer	Record as
(1) purchases goods or services that benefit the transferring account for example, Economy Act transactions or purchases from revolving funds (including working capital funds), such as, a rental payment to GSA's Federal Buildings Fund	An expenditure transfer.
(2) shifts budgetary resources between Federal funds (general, special, and revolving fund accounts) and trust funds (trust fund and trust revolving fund accounts), regardless of the purpose	An expenditure transfer.

If the transfer	Record as
(3) reduces budgetary resources available for the activities of the transferring account and increases them for the activities of the receiving account (for example, a transfer of unobligated balances from the construction account to the salaries and expense account to fund pay raises) other than between Federal and trust funds	A non-expenditure transfer.
(4) corresponds to a transfer of an activity from one account to another such as in a reorganization)	A non-expenditure transfer.

(4) Recording transfers in the budget:

- **Expenditure transfers**. Record an expenditure transfer as an obligation (against new budget authority or unobligated balances) and an outlay in the transferring account and as an offsetting collection or offsetting receipt in the receiving account (see section 20.7). If the receiving account is a general fund appropriation account or a revolving fund account (including a trust revolving fund), credit the amount as an offsetting collection to the appropriation or revolving fund account. If the receiving account is a special fund or trust fund account, you would normally credit the amount as an offsetting receipt to a receipt account of the fund.
- Nonexpenditure transfers. Do not record an obligation or an outlay or an offsetting collection or offsetting receipt. Record nonexpenditure transfers as a decrease either in budget authority or unobligated balances in the transferring account and as an increase either in budgetary authority or unobligated balances in the gaining account. Whether you record the reduction and increase as a change in budget authority or unobligated balances, depends on the circumstances, as described in the following table.

If you transfer	And the transfer	Record
Unobligated balances	Results from a transfer specified in law that changes the purpose for which the funds will be used, other than general transfer authority provided in a standing provision of law enacted before the budget authority was provided.	A decrease in budget authority in the transferring account and an increase in budget authority in the gaining account.
Unobligated balances	Results from general transfer authority provided in a standing provision of law enacted before the budget authority was provided, or Corresponds to a transfer of an activity such that the purpose does not change (e.g., reorganizations authorized by law)	A decrease in unobligated balances in the transferring account and an increase in unobligated balances in the gaining account.

If you transfer	And the transfer	Record
Budget authority in the year it becomes available	Is for any purpose	A decrease in budget authority in the transferring account and an increase in budget authority in the gaining account.

(k) Transfer in the estimates

A transfer in the estimates means the budget proposes to stop funding an activity under one budget account and start funding the activity under another budget account, beginning in the budget year. This does not involve a transfer of budgetary resources like that discussed in subsection (j). You simply stop showing budget authority in the one account and start showing it in the other. A transfer in the estimates usually reflects a proposal to do one of the following in the budget year:

- Transfer the funding of an activity from one account to another.
- Consolidate funding for related activities from two or more accounts into a single account.
- Disaggregate the funding for an activity from one account between two or more accounts.

See section <u>82.15</u> for guidance on presenting these amounts in the program and financing schedules for the transferring and receiving accounts.

(1) Allocation

Allocation means a delegation, authorized in law, by one agency to another agency, of its authority to obligate budget authority and outlay funds. When an agency makes such a delegation, the Treasury Department establishes a subsidiary account called a "transfer appropriation account", and the receiving agency may obligate up to the amount included in the account. The budget doesn't show the transfer appropriation account separately. The budget schedules for the parent account include the obligations by the other agency against the subsidiary account. Allocations are appropriate where the receiving agency is acting as the agent for the allocating agency.

20.5 When should I record obligations and in what amounts?

(a) The general rule

Obligation means a legally binding agreement that will result in outlays, immediately or in the future. When you place an order, sign a contract, award a grant, purchase a service, or take other actions that require the Government to make payments to the public or from one Government account to another, you incur an obligation. It is a violation of the Antideficiency Act (31 U.S.C. 1341(a)) to involve the Federal Government in a contract or obligation for payment of money before an appropriation is made, unless authorized by law. This means you cannot incur obligations in a vacuum; you incur an obligation against budget authority in a Treasury account that belongs to your agency. It is a violation of the Antideficiency Act to incur an obligation in an amount greater than the amount available in the Treasury account that is available. This means that the account must have budget authority sufficient to cover the total of such obligations at the time the obligation is incurred. In addition, the obligation you incur must conform to other applicable provisions of law, and you must be able to support the amounts reported by the documentary evidence required by 31 U.S.C. 1501. Moreover, you are required to maintain certifications and records showing that the amounts have been obligated (31 U.S.C. 1108). The following subsections provide additional guidance on when to record obligations for the different types of goods and services or the amount.

(b) Personnel compensation and benefits

For personnel compensation and benefits the issue is usually the "timing" of the obligation and <u>not</u> the "amount" of the obligation. The amount is prescribed by laws that cover the civil service and the uniformed service and determined by well-established personnel procedures. As for the timing of the obligation, the amounts generally are recorded as obligations as the amounts are earned during the reporting pay period, with the following exceptions:

Type of obligations	At the time	Because
Severance pay	It is paid on a pay period by pay period basis	Severance pay is not earned with regular salaries and wages.
Authorized reimbursable expenses estimated to be paid to employees for real estate, temporary subsistence, and other expenses incident to relocation at the request of the Government	The individual travel orders are approved	The travel is a bona fide need at the time the order is approved.
Cash awards that do not become part of the employee's basic rate of pay Allowances for uniforms and quarters Subsidies for commuting costs	When payable to the employee	This is the time the amount is definite.
Unemployment compensation payments to the Department of Labor for former Federal employees	When the agency receives the bills rendered by Labor	Underlying law.
Annual leave	When it becomes due and payable as terminal leave or taken in lieu of a lump sum payment	Normally, annual leave is unfunded.
Funded annual leave	When you transfer a person from a revolving fund to another revolving fund, you obligate the employee's share of funded annual leave and you pay it to the fund to which the employee is transferred When you transfer a person from a revolving fund to a non-revolving fund, you obligate the employee's portion of the funded annual leave and	The revolving fund to which the employee is transferred will pay the employee's salary and wages when the employee takes the annual leave or will pay the lump sum terminal leave for any annual leave not taken. The appropriation from the general fund in the Treasury will pay the employee's salaries and wages when the employee takes the annual leave or

Type of obligations	At the time	Because
	pay miscellaneous receipts in the general fund of the Treasury	will pay the lump sum terminal leave for any annual leave not taken.

(c) Contractual services and supplies

Services and supplies that are purchased by contract are recorded as obligations at the time there is a binding agreement, which is usually when the contract is signed. As a general rule, the amount of the obligation is the maximum liability to the Federal Government. The maximum liability to the Government is normally limited by the terms of the contract (e.g., cancellation clauses).

The following provides the nuances of contracts with certain characteristics.

Contracts with	Amount obligated is	At the time
A maximum price	The maximum price	The contract is signed.
	Amount of downward adjustments (i.e. deobligation), if any	There is documentary evidence that the price is reduced.
Letters of intent and letter contracts	Normally, no amount is obligated	The letter is signed.
However, if the letters constitute binding agreements under which the contractor is authorized to proceed	The maximum amount indicated in the letter that the contractor is authorized to incur to cover expenses prior to the execution of a definitive contract	
Contracts for variable quantities	Normally, no amount is obligated	The contract is signed.
The contracts are usually followed by "purchase orders" that do obligate the Government	The amount of actual orders	The order is issued.
Orders where a law "requires" that you to place orders with another Federal Government account	The amount of the order	The order is issued.
Voluntary orders with other Federal Government accounts:	The amount of the order	The order is issued.
If the order is for common-use standard stock item the supplier has on hand or on order at published prices		That you issue the order to the supplier.

Contracts with	Amount obligated is	At the time
If the order is for stock items other than the above		You receive a formal notification that the items are on hand or on order.
If the order involves execution of a specific contract		The supplying agency notifies you that it has entered into the contract.

(d) Intragovernmental services and supplies

Obligations are incurred for services when they are rendered. For example, obligations for GSA rental payments are incurred in the year in which the premises are occupied, whether or not a bill has been rendered. Obligations are incurred for supplies when the order is placed.

(e) Land and structures

Contracts for lands and structures generally follow the same rules as for contracts specified above with the following exceptions.

In the case of condemnation proceedings, the amount obligated is the estimated amount for the price of the land, adjusted to the amount of the payment to be held in escrow where there is a declaration of a taking. It is obligated at the time when you ask the Attorney General to start condemnation proceedings.

In the case of lease purchases and capital leases covered by the scorekeeping rules developed under the Budget Enforcement Act, see the requirements in Appendix B.

(f) Grants and fixed charges

Discretionary grants will be obligated after the amounts are determined administratively and recorded at the time the grant award is signed. The grant award is normally the documentary evidence that the grant has been awarded. Letters of credit are issued after the grant awards are made and generally are not obligating documents.

For grants and fixed charges with formulas in law that automatically fix the amount of the charges, record the amount determined by the formula or, if there is an appropriation, then record the amount appropriated, whichever is smaller. The obligation is reported at the time the grantee is awarded the grant and is liquidated when the payment is made to the grantee. To the extent that a grant awarded in a previous year is no longer valid, you will record a recovery of prior year obligations.

The exceptions follow:

Grants or fixed charges	Amount obligated is	At the time
In lieu of taxes	The amount appropriated	The taxes are due.
Interest	The amount owed	The interest is payable.
Dividends	The amount declared	The dividend is declared.

(g) Federal credit programs

Obligations in Federal credit programs generally follow the same rules as for "personnel compensation and benefits" and "contracts" specified above with the following exceptions.

The amount is	Amount obligated is	At the time
Subsidy in direct loan program account	The portion of the subsidy cost for the direct loan contract that you are signing	You sign the direct loan contract. That is, when you enter into a binding agreement to make a direct loan when specified conditions are fulfilled by the borrower.
Subsidy in guaranteed loan program account	The portion of the subsidy cost for the binding agreement to make a loan guarantee	You make the loan guarantee commitment. That is, when you enter into a binding agreement to make a loan guarantee when special conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.

20.6 What do I need to know about outlays?

Outlay means a payment to liquidate an obligation (other than the repayment to the Treasury of debt principal). Outlays are a measure of Government spending. As required by law, the budget presents some outlays as "on-budget" and some as "off-budget." Total outlays for the Federal Government include both on-budget and off-budget outlays. Government-wide outlay totals are stated net of refunds, offsetting collections, and offsetting receipts. Function, subfunction, and agency outlay totals are stated net of related refunds, offsetting collections, and offsetting receipts for most budget presentations. In contrast, offsetting receipts generally are not netted against gross outlays at the bureau level, but when general fund payments are used to finance trust fund outlays to the public, the associated trust fund offsetting receipts are netted against the bureau totals to prevent double-counting budget authority and outlays at the bureau level. (Offsetting receipts from a few sources do not offset any specific function, subfunction, or agency, but only offset Government-wide outlay totals.) Outlay totals for accounts with offsetting collections are stated both gross and net of the offsetting collections credited to the account.

The Government usually makes payments in the form of cash (currency, checks, or electronic fund transfers), and you record outlays equal to the disbursement at the time of the disbursement. Normally the amount of cash disbursed appropriately measures the value of the transaction. In other cases, however, the cash disbursed does not accurately measure the value of the transactions. In these cases, we require you to record the cash-equivalent value of the transactions (see section 20.8).

Not every disbursement is an outlay because not every disbursement liquidates an obligation. You don't record outlays for the following:

- Repayment of debt principal because we treat borrowing and the repayment of debt principal as a means of financing.
- Disbursements to the public by Federal credit programs for direct loan obligations and loan guarantee commitments made in fiscal year 1992 or later (and those made prior to that year if they

have been modified) because we treat the cash flows to and from the Government for credit programs as a means of financing. We record outlays equal to the subsidy cost of direct loans and loan guarantees when the underlying direct or guaranteed loans are disbursed. Disbursements from liquidating accounts for direct loan obligations and loan guarantee commitments made prior to fiscal year 1992 are treated as outlays (see section 185).

- Disbursements from deposit funds because these funds are on deposit with the Government, but are not owned by the Government and are therefore excluded from the budget (see section 20.7).
- Refunds of receipts that result from overpayments because they are recorded as decreases in receipts, rather than as increases in outlays (see section 20.9).

The timing for recording outlays for interest payments varies. Treasury records outlays for the interest on the public issues of Treasury debt securities as the interest accrues, not when it pays the cash. However, most Treasury debt securities held by Government accounts are in the Government account series. Treasury normally records the interest payments on these securities when it pays the cash, and you normally record an offsetting collection or receipt on a cash basis. The Department records interest as the amortization occurs. We discuss the budget treatment of investment transactions in section 113.

Outlays during a fiscal year may liquidate obligations incurred in the same year or in prior years. Obligations, in turn, may be incurred against budget authority provided in the same year or against unobligated balances of budget authority provided in prior years. Outlays, therefore, flow in part from budget authority provided for the year in which the money is spent and in part from budget authority provided in prior years. The ratio of the outlays resulting from budget authority enacted in any year to the amount of that budget authority is referred to as the spendout rate for that year.

Outlays for the past year must agree with amounts reported in the Treasury Combined Statement, unless OMB approves an exception.

20.7 What do I need to know about governmental receipts, offsetting collections, and offsetting receipts?

(a) Overview

The money collected by the Federal Government and its accounts that is counted as income in the budget is classified as either governmental receipts (also known as receipts or revenues) or as offsets to budget authority and outlays. We sometimes use the generic term collections when referring to all of this money. Collections result from the following transactions:

- Sovereign power—payments from the public that result primarily from the Government's exercise of its sovereign power to tax or otherwise compel payment.
- Business-like transactions with the public, including payments from the public in exchange for goods and services; reimbursements for damages; and gifts or donations of money to the Government.
- Intragovernmental transactions—payments from other Federal Government accounts.

The universe of money collected also includes the proceeds of borrowing and the other means of financing which are not treated as collections in the budget. Means of financing are discussed in section 20.7 (h).

The Federal Government normally receives payments in the form of cash and normally records amounts equal to the amount of cash received at the time of collection. Usually the amount of cash collected appropriately measures the value of the transaction. In some cases, the cash collected does not accurately

measure the value of the transaction. In these cases, you record the cash equivalent value of the transactions (see section 20.8).

As recommended by the 1967 President's Commission on Budget Concepts, the budget records money collected by Government agencies in one of two ways—depending on the nature of the activity generating the collection and the law that established the collection:

Governmental receipts, which are compared in total to outlays (net of offsetting collections and offsetting receipts) to calculate the surplus or deficit; or

Offsets to budget authority and outlays (classified as either offsetting collections or offsetting receipts), which are deducted from gross budget authority and outlays to produce net budget authority and outlay figures.

Collections Sovereign **Business-Like Transactions** Intragovernmental Power with the Public **Transactions** Offsetting Offsetting Governmental Offsetting Offsetting Receipts Collections Receipts Collections Receipts (Expenditure Account) (Receipt Account) (Receipt Account) (Expenditure Account) (Receipt Account) Offsets to BA and Outlays

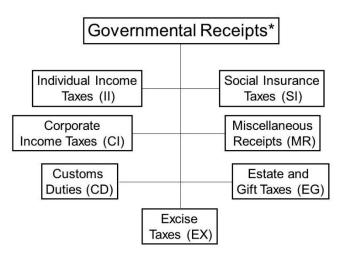
Money Collected by the Government

(b) Governmental receipts

Governmental receipts are collections that result from the Government's exercise of its sovereign power to tax or otherwise compel payment. Sometimes they are called receipts, Federal receipts, or revenues. They consist mostly of individual and corporation income taxes and social insurance taxes, but also include excise taxes, compulsory user charges, regulatory fees, custom duties, court fines, certain license fees, and deposits of earning by the Federal Reserve System. Governmental receipts are deposited in receipt accounts. See section 20.7(f) for more detail on receipt accounts.

The types of governmental receipts are summarized in the diagram below. Total governmental receipts for the Federal Government include both on-budget and off-budget receipts.

For more information on collections, see <u>chapters 12 and 13</u>, "Federal Receipts" in the *Analytical Perspectives* volume of the Budget.



* Sometimes called "receipts" or "Federal receipts."

(c) General information about offsets to budget authority and outlays

Offsetting collections and offsetting receipts are recorded as offsets to spending, not as additions to the receipt side of the budget. They are recorded as offsets to spending so that the budget totals represent governmental rather than market activity and to prevent double counting from intragovernmental transactions. This ensures that the budget totals measure the transactions of the Government with the public. They are recorded in the budget in one of two ways, based on interpretation of laws and longstanding budget concepts and practice. They are offsetting collections when the collections are authorized to be credited to expenditure accounts. Otherwise, they are deposited in receipt accounts and called offsetting receipts. See section 20.7(f) for more detail on receipt and expenditure accounts.

Offsetting collections and offsetting receipts are classified according to the type and source of the money collected and how it is treated in the budget. Offsetting collections and offsetting receipts result from one of the following types of transactions:

Business-like transactions with the public—these include voluntary collections from the public in exchange for goods or services; reimbursements for damages (e.g., recoveries by the Hazardous Substance Superfund); and gifts of money to the Government. The budget records these amounts as offsetting collections from non-Federal resources for offsetting collections or as proprietary receipts for offsetting receipts. The amounts are deducted from gross budget authority and gross outlays, rather than added to receipts. This produces budget totals for receipts, budget authority, and outlays that represent governmental rather than market activity.

Intragovernmental transactions—collections from other Federal Government accounts. The budget records collections by one Government account from another as offsetting collections from Federal sources for offsetting collections or as intragovernmental receipts for offsetting receipts. Intragovernmental offsetting receipts can be further divided into two categories:

- Interfund receipts, which involve transactions between Federal and trust fund accounts; and
- Intrafund receipts, which involve transactions between the same types of fund groups (i.e., from Federal fund to Federal fund or from trust fund to trust fund.

The amounts are deducted from gross budget authority and gross outlays so that the budget totals measure the transactions of the Government with the public.

Offsetting governmental transactions—collections from the public that are governmental in nature (e.g., tax receipts, regulatory fees, compulsory user charges), but required by law to be misclassified as offsetting. The budget records amounts from non-Federal sources that are governmental in nature as offsetting governmental collections for offsetting collections or as offsetting governmental receipts for offsetting receipts.

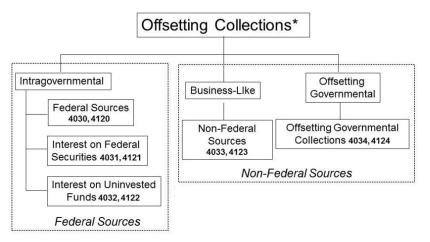
(d) Offsetting collections

Some laws authorize agencies to credit collections directly to the account from which they will be spent. Most revolving funds operate with such authority. Offsetting collections credited to expenditure accounts automatically offset outlays and budget authority at the expenditure account level. Where accounts have offsetting collections, the budget shows the budget authority and outlays of the account both gross (before deducting offsetting collections) and net (after deducting offsetting collections). Totals for the agency, subfunction, and budget are net of offsetting collections.

Line codes are used to identify the source of the collections in OMB's budget database. See section <u>82.18</u> for the offsetting collection line entries and the definitions. The offsets are used to arrive at net budget authority and outlays for the account and are presented in the program and financing (schedule P) in the Appendix to the President's Budget.

The following chart summarizes the types of offsetting collections and the associated line codes reported in MAX:

Budget Classification of Offsetting Collections (Offsetting collection line entries in bold face)



*Normally offsets budget authority and outlays at the expenditure account level.

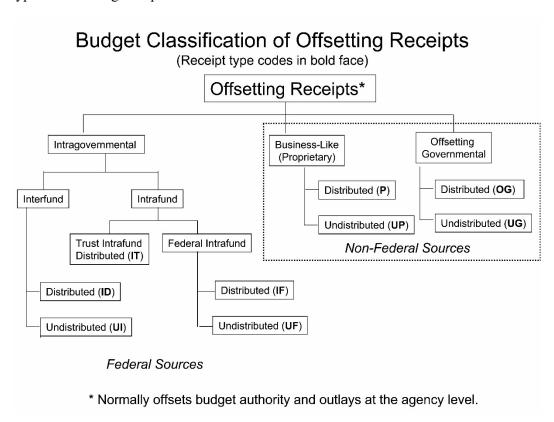
(e) Offsetting receipts

Collections that are offset against gross outlays and budget authority but are not authorized to be credited to expenditure accounts are credited to receipt accounts and are called offsetting receipts. They are deducted from budget authority and outlays in arriving at total budget authority and outlays. However, unlike offsetting collections that are credited to expenditure accounts, offsetting receipts do not offset budget authority and outlays at the account level. Most offsetting receipts deposited in receipt accounts are offset at the agency and subfunction levels, and the offsetting receipts of certain general fund payments are offset at the bureau levels. We call these distributed offsetting receipts. For more information on the

magnitude of undistributed offsetting receipts see <u>Table 28-1</u> in the *Analytical Perspectives* volume of the President's Budget.

Within OMB's budget database, offsetting receipts are coded to identify the types of offsetting receipt (e.g., proprietary, offsetting governmental, intragovernmental) and to identify how they are treated (e.g., offset at the agency and function level). Each offsetting receipt type also has a number of unique and associated source category codes that enable MAX to produce tables needed for the Budget. These are assigned by OMB when the account is established (see exhibit 79B).

The following chart summarizes the receipt types, with associated receipt type codes in parentheses, for the various types of offsetting receipts.



(f) Receipt accounts and expenditure accounts

The placement of collections in receipt accounts or expenditure accounts is based on the interpretation of laws and long-standing budget concepts and practice.

Receipt accounts.—A general law requires that, except as provided by another law, an official or agent of the Government who receives money for the Federal Government from any source shall deposit the money in the Treasury as soon as practicable. This law (31 U.S.C. 3302) is generally referred to as the "Miscellaneous Receipts Act." The Department of the Treasury, in consultation with OMB, interprets this law as requiring all collections to be deposited in general fund receipt accounts, which as a group comprise part of "the general fund."

Some laws earmark collections from a certain source for a specific purpose. Depending on the legal requirements, Treasury deposits these collections in special fund receipt accounts, trust fund receipt accounts, or credits the collections directly to expenditure accounts, including revolving fund accounts. The legislation also specifies whether the earmarked receipts are (i) available for obligation and outlay without further appropriations action by the Congress (i.e., available), or (ii) not available for obligation or

outlay until the Congress makes the amounts available in annual appropriations or other acts (i.e., unavailable). However, in some cases, receipts are considered to be unavailable because a benefit formula or limitation precludes their use. These amounts of receipts may become available subsequently without appropriations action. See section 20.4(b) for more information about amounts precluded from obligation.

When the collections in the receipt accounts are available for obligation and outlay, the amounts are appropriated to general fund, special fund, trust fund, or other expenditure accounts, as discussed below.

Expenditure accounts.—Some laws override the requirement to first deposit collections in receipt accounts. These collections are credited directly to expenditure accounts, where the collections are generally available for obligation and outlay without further action by the Congress. These collections are called offsetting collections. Most revolving funds operate under such authority. These include public enterprise, intragovernmental, and trust revolving funds. In addition, the Economy Act allows Federal agencies or bureaus within agencies to do work for each other. When one account reimburses another account for this work, the Act authorizes the collections to be credited directly to the expenditure account that provided the goods and services.

(g) User charges

User charge means a fee, charge, or assessment the Government levies on a class of the public directly benefiting from, or subject to regulation by, a Government program or activity. We record user charges as governmental receipts, offsetting collections, or offsetting receipts using the criteria described above. The authorizing law must limit the payers of the charges to those benefiting from, or subject to regulation by, the program or activity.

User charges include:

- Collections from non-Federal sources for goods and services provided (for example, the proceeds from the sale of goods by defense commissaries, electricity by power marketing administrations, stamps by the Postal Service; fees charged to enter national parks; and premiums charged for flood and health insurance);
- Voluntary payments to social insurance programs, such as Medicare Part B insurance premiums;
- Miscellaneous customs fees (for example, United States Customs Service merchandise processing fees);
- Proceeds from asset sales (property, plant, and equipment);
- Proceeds from the sale of natural resources (such as timber, oil, and minerals);
- Outer Continental Shelf receipts;
- Spectrum auction proceeds;
- Many fees for permits, and regulatory and judicial services;
- Specific taxes and duties on an exception basis; and
- Credit program fees deposited into the credit program account and recorded in the budget on a current basis.

User charges do not include:

- Collections from other Federal accounts:
- Collections associated with credit programs, except for credit program fees deposited into credit program accounts and recorded in the budget on a current basis;
- Realizations upon loans and investments;
- Interest, dividends, and other earnings;
- Payments to social insurance programs required by law:
- Excise taxes:
- Customs duties;
- Fines, penalties, and forfeitures;
- Cost-sharing contributions; and
- Federal Reserve System deposits of earnings.

(h) Means of financing

These are monies received or paid by the Government that are not counted in the budget totals as either collections (governmental receipts, offsetting collections, or offsetting receipts) or outgo (outlays). Borrowing and the repayment of debt are the primary means of financing. Others are listed below. These monies finance outlays when there is a deficit—that is, when outlays (net of offsetting collections and offsetting receipts) exceed receipts. When there is a surplus—that is, when receipts exceed outlays (net of offsetting collections and offsetting receipts)—the means of financing may be used, together with the surplus, to retire debt.

Most of the individual means of financing represent changes in assets or liabilities and therefore can either be a source of financing for the Government or require financing themselves. For example, if the disbursements from credit financing accounts exceed their collections, which is normal, the difference must be financed by receipts or the other means of financing; if the disbursements are less than the collections, the difference may be used to reduce borrowing or to provide any financing required by the other means of financing. The means of financing other than borrowing and repayment of debt include:

- Net financing disbursements by direct loan and guaranteed loan financing accounts;
- Seigniorage (the profit from coining money) and profits on the sale of gold (a monetary asset);
- Certain exchanges of cash, such as deposits by the U.S. in the International Monetary Fund;
- Changes in Treasury's operating cash balance, uninvested deposit fund balances, and checks outstanding; and
- Treasury debt buyback premiums and discounts (see section 113).

For more information on the means of financing, see the section on Budget Deficit or Surplus and Means of Financing in <u>Chapter 9</u>, "Budget Concepts" of the *Analytical Perspectives* volume of the President's Budget.

20.8 What do I need to know about cash-equivalent transactions?

Normally the amount of cash disbursed or collected is the appropriate measure of the value of the transaction, and you record outlays or collections equal to the cash that changes hands. In other cases, however, the cash disbursed or collected doesn't accurately measure the value of the transactions. In these cases, you should record the cash-equivalent value of the transactions in the budget. The following are some examples of cash-equivalent transactions:

- Federal employee salaries. You record an outlay for the full amount of an employee's salary, even though the cash disbursement is net of Federal and state income taxes, retirement contributions, life and health insurance premiums, and other deductions. We record collections for the deductions that are payments to the Government.
- Debt instruments. When the Government receives or makes payments in the form of debt instruments (such as bonds, debentures, monetary credits, or notes) in lieu of cash, we record collections or outlays in the budget on a cash-equivalent basis. The Government can borrow from the public to raise cash and then outlay the cash proceeds to liquidate an obligation, or, if authorized in law, it may liquidate the obligation by issuing securities in lieu of the cash. The latter method combines two transactions into one—borrowing and an outlay. Combining these transactions into one does not change the nature of the transactions. Since the two methods of payment are equivalent, we require you to record the same amount of outlays for both cases. Similarly, when the Government accepts securities in lieu of cash from the public in payment of an obligation owed to the Government, we record offsetting receipts or collections. In one program, for example, a Government agency may choose whether to pay default claims against it in cash or by issuing debentures in lieu of cash; the agency records the same amount of outlays in either case. In turn, a recipient of these debentures may choose to pay the fees that it owes to the Government either in cash or by returning debentures of equivalent value that it holds. The agency records the same amount of offsetting receipts or collections in either case.
- Lease-purchases. We require you to record an outlay for the acquisition of physical assets through certain types of lease-purchase arrangements as though the transaction was an outright purchase or direct Federal construction. Lease-purchase transactions in which the Government assumes substantial risk are equivalent to the Government raising cash by borrowing from the public and purchasing the asset directly by disbursing the cash proceeds. You must report outlays over the period that the contractor constructs, manufactures, or purchases the asset that will be leased to the Government, not when the Government disburses cash to the developer for lease payments. Because the Government pays no cash up front to the nominal owner of the asset, the transaction creates a Government debt. In such cases, we treat the subsequent cash lease payments as the equivalent of interest outlays on that debt and principal repayments. (See Appendix B).

The scorekeeping effect of cash-equivalent transactions applies to budget authority, as well as to outlays and collections. You record the authority to incur obligations that will be liquidated through cash-equivalent payments as budget authority.

The use of cash-equivalents often results in an increase or decrease in Federal debt. In the previous example of the Government using debentures to pay claims, we record the issuance of a debenture as an increase in debt, and we record the Government's acceptance of a debenture for payment of fees as a decrease in debt. We also record an increase in debt as the means of financing the cash-equivalent outlays of lease-purchase arrangements in which the Government assumes substantial risk.

20.9 What do I need to know about refunds?

Refunds are the repayments of excess payments. The amounts are directly related to previous obligations incurred and outlays made against the appropriation. Refunds received are deposited to the credit of the appropriation or fund account charged with the original obligations as explained in the following table:

The following table explains how to record refunds received:

If you receive a refund of funds that were	And the appropriation against which the obligation was incurred	You
(1) obligated and outlayed in that year	remains available (usually the case)	reduce the total amount of obligations and outlays recorded for the year in the budget schedules.
(2) obligated and outlayed in a previous year and credited to the same appropriation or fund account	remains available for new obligations	record the refund as offsetting collections (cash) credited to unexpired accounts (i.e., as offsetting collections on lines 4030-4034 or 4120-4124) and as recoveries of prior year paid obligations, unexpired accounts on line 4053 or 4143; increasing unobligated balances. These offsetting collections are not reported as new budget authority; they are offset against gross outlays but not against gross budget authority.
(3) obligated and outlayed in a previous year and credited to a different appropriation or fund account	remains available for new obligations	record the refund as offsetting collections (cash) credited to unexpired accounts (i.e., as offsetting collections on lines 4030-4034 or 4120-4124); increasing spending authority from offsetting collections.
(4) receive a refund of funds that were obligated and outlayed in a previous year	has expired but is not yet canceled	record the refund as offsetting collections (cash) credited to expired accounts (i.e., as offsetting collections on lines 4030-4034 or 4120-4124; as offsetting collections credited to expired accounts on line 4052 or 4142 of the schedule P); and recoveries of prior year paid obligations on line 4054 or 4144 of the SF 133). These offsetting collections are not reported as new budget authority; they are offset against gross outlays but not against gross budget authority.
(5) receive a refund of funds that were obligated in a previous year	has been canceled	deposit the refund in miscellaneous receipts of the Treasury.

Record refunds paid as follows:

- Record refunds paid by an expenditure account as an obligation and an outlay of the account.
- Record refunds of receipts that result from overpayments (such as income taxes withheld in excess of a taxpayer's income tax liability) as reductions of receipts, rather than as outlays. This does not include payments to a taxpayer for credits (such as an earned income tax credit) that exceed the taxpayer's income tax liability. Record these as outlays, not as refunds.

20.10 What do I need to know about advances?

Advances are amounts of money prepaid to a Federal Government account for the later receipt of goods, services, or other assets, or as matching funds.

When an advance is required, the budgetary resource provided by the order is equal to the cash accompanying the order. The advance, per se, is not available for obligation. If both the order and the advance were available for obligation, budgetary resources would be double-counted.

Deposit advances with orders in the appropriate appropriation/fund or receipt account.

Deposit advances without orders as follows:

If the advance is from	Deposit the advance in
A non-Federal source	Deposit fund account (6500)
A Federal source	An intragovernmental clearing account (F3885)

When a reimbursable agreement with another Federal account is accompanied by a cash advance, you may disburse to pay obligations associated with that advance. However, if you are authorized to incur obligations against customer orders from other Federal accounts without an advance, the order establishes obligational authority only and you may not disburse the account into a negative position (see section 145.2 on Antideficiency Act violations).

If you return a cash advance or other offsetting collection or special or trust fund receipts received in a prior fiscal year, you must record an obligation and an outlay in the current fiscal year.

20.11 What do I need to know about accounts and fund types?

(a) Accounts

The term account may refer to a receipt or expenditure account. Governmental receipts and offsetting receipts are deposited into receipt accounts (see section 20.7). Receipt accounts are not available for incurring obligations or making outlays. Expenditure accounts are provided with budget authority (e.g., appropriations or offsetting collections) and are used to incur obligations and make outlays. Receipt and expenditure accounts are further classified into fund types (e.g., general funds and special funds). Fund types are discussed in subsections 20.12(b) through 20.12(f) below.

The term account may also refer to Treasury accounts and budget accounts. When the Congress provides budget authority for a particular purpose or under a particular title, it also provides a specific period of time for which the budget authority is available for obligation. This time period of availability (POA) may be annual, multi-year, or no-year.

Treasury establishes expenditure accounts based on the POA of the resources in the account. That is, Treasury establishes separate accounts with separate Treasury appropriation fund symbols (TAFS) for each POA, i.e., annual, multi-year, or no-year amount. For budget execution, which is governed largely by the Antideficiency Act, you must report data for each of the TAFS expenditure accounts established by Treasury (see section 130).

A budget account generally covers an organized set of activities, programs, or services directed toward a common purpose or goal. For budget formulation, the appropriations and other budget authority provided to TAFS accounts with the same appropriation title for the years covered by the budget are combined and presented as a single account under a single title, e.g., "Salaries and expenses." As an illustration, the FY 2015 column of the program and financing schedule for a "Salaries and expenses" account in the 2017 Appendix would include, as appropriate, outlays made in FY 2015 from the FY 2015 appropriation, the FY 2013–2015 multi-year appropriation, the no-year appropriation, and the five expired annual appropriations (FY 2010 through FY 2014).

For receipt accounts, the budget and Treasury accounts are usually the same.

For information on account identification codes, see section <u>79.2</u>.

(b) Overview of fund types

Agency activities are financed through general funds, special funds, and revolving funds (public enterprise revolving funds, intragovernmental revolving funds, credit financing accounts), which constitute the Federal funds group, and trust funds and trust revolving funds, which constitute the trust funds group. General, special, and trust fund collections and disbursements may be held temporarily in clearing accounts pending clearance to the applicable account. Agencies account for amounts that are not Government funds in deposit funds. The following table summarizes the characteristics of these funds. The text following the table discusses the types of funds in more depth.

CHARACTERISTICS OF FUND TYPES AND THEIR ACCOUNTS

Fund Type/Account Treasury Account Symbol	What is the purpose of the account?	Are receipt accounts and expenditure accounts linked?	Are these funds included in the budget?
Federal funds:			
General fund receipt accounts (0000–3899)	Record unearmarked receipts.	No.	Yes.
General fund expenditure accounts (0000–3899)	Record budget authority, obligations, and outlays of general fund receipts and borrowing. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays.	No, general fund appropriations draw from general fund receipts collectively.	Yes.
Special fund receipt accounts (5000–5999)	Record receipts earmarked by law for a specific	Yes.	Yes.

Fund Type/Account Treasury Account	What is the purpose of	Are receipt accounts and	Are these funds included
Symbol	the account?	expenditure accounts linked?	in the budget?
	purpose (other than business-like activity).		
Special fund expenditure accounts (5000–5999)	Record budget authority, obligations, and outlays of special fund receipts. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays	Yes.	Yes.
Public enterprise revolving funds (4000–4499)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted primarily with the public.	Not applicable. Collections are credited to the expenditure account.	Yes. ¹
Intragovernmental revolving funds (including working capital funds) (4500–4999)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted primarily within the Government.	Not applicable. Collections credited to the expenditure account.	Yes.
Management funds (3900-3999)	Record the permanent appropriations and expenditures of collections from two or more appropriations to carry out a common purpose or project not involving a continuing cycle of business-type operations. These funds facilitate the administration and accounting for intragovernmental activities.	Not applicable. Collections credited to the expenditure account.	Yes.
Trust funds:			
Trust fund receipt accounts (8000–8399 and 8500–8999)	Record receipts earmarked by law for a specific purpose (other than a business-like activity).	Yes.	Yes. ¹

Fund Type/Account Treasury Account	What is the purpose of	Are receipt accounts and	Are these funds included
Symbol	the account?	expenditure accounts linked?	in the budget?
Trust fund expenditure accounts (8000–8399 and 8500–8999)	Record budget authority, obligations, and outlays of trust fund receipts. Record offsetting collections authorized by law, such as the Economy Act, and associated budget authority, obligations, and outlays.	Yes.	Yes. ¹
Trust revolving funds (8400–8499)	Record offsetting collections earmarked by law for a specific purpose and associated budget authority, obligations, and outlays for a business-like activity conducted primarily with the public.	Not applicable. Collections credited to the expenditure account.	Yes.
Other: (non-budgetary)			
Clearing accounts (F3800–F3885)	Temporarily hold general, special, or trust fund Federal Government collections or disbursements pending clearance to the applicable receipt or expenditure accounts. (Amounts in clearing accounts should not be used to make outlays or payments.)	Not applicable. Deposits and disbursements are recorded in the same account.	Yes, once they are posted to either a receipt or expenditure account.
Deposit funds (6000–6999)	Record deposits and disbursements of monies not owned by the Government or not donated to the Government (amounts donated to the Government are deposited in a special or trust fund account).	Not applicable. Deposits and disbursements are recorded in the same account.	No.

¹ By law, the budget authority and the outlays (net of offsetting collections) of the Postal Service Fund (a revolving fund), and the receipts, budget authority, and outlays of the two social security trust funds (the Old-Age and Survivors Insurance Trust Fund and the Disability Insurance Trust Fund) are excluded from the on-budget totals. The budget documents present these amounts as "off-budget" and adds them to the budget totals to show totals for the Federal Government (sometimes called unified budget totals).

(c) Federal funds

Federal funds comprise several types of accounts or funds. A general fund receipt account records receipts not earmarked by law for a specific purpose, such as individual income tax receipts. A general fund expenditure account records appropriations from the general fund and the associated transactions, such as

obligations and outlays. General fund appropriations draw from general fund receipts collectively and, therefore, are not specifically linked to receipt accounts.

The Federal funds group also includes special funds and revolving funds, both of which earmark collections for spending on specific purposes. We establish a special fund where the law requires us to earmark collections from a specified source to finance a particular program, and the law neither authorizes the fund to conduct a cycle of business-type operations (making it a revolving fund) nor designates it as a trust fund. For example, a law established the Land and water conservation fund, earmarking a portion of rents and royalties from Outer Continental Shelf lands and other receipts to be used for land acquisition, conservation, and recreation programs. The receipts earmarked to a fund are recorded in one or more special fund receipt accounts. More than one receipt account may be necessary to distinguish different types of receipts (governmental, proprietary, etc.) and receipts from significantly different types of transactions (registration fees vs. fines and penalties, for example). The fund's appropriations and associated transactions are recorded in a special fund expenditure account. Most funds have only one expenditure account, even if they have multiple receipt accounts. However, a large fund, especially one with appropriations to more than one agency (such as the Land and water conservation fund), may have more than one expenditure account. The majority of special fund collections are derived from the Government's power to impose taxes, fines, and other compulsory payments, and they must be appropriated before they can be obligated and spent.

Revolving funds conduct continuing cycles of business-like activity. They charge for the sale of products or services and use the proceeds to finance their spending. Instead of recording the collections in receipt accounts (as offsetting receipts), the budget records the collections and the outlays of revolving funds in the same account. The laws that establish revolving funds authorize the collections to be obligated and outlayed for the purposes of the fund without further appropriation. The law of supply and demand is expected to regulate such funds. However, in some cases, the Congress enacts obligation limitations on the funds in appropriations acts as a way of controlling their expenditures (for example, a limitation on administrative expenses). There are two types of revolving funds in the Federal funds group. Public enterprise funds, such as the Postal Service Fund, conduct business-like operations mainly with the public. Intragovernmental funds, such as the Federal Buildings Fund, conduct business-like operations mainly within and between Government agencies.

(d) Trust funds

Trust funds account for the receipt and expenditure of monies by the Government for carrying out specific purposes and programs in accordance with the terms of a statute that designates the fund as a trust fund (such as the Highway Trust Fund) or for carrying out the stipulations of a trust agreement where the Nation is the beneficiary (such as any of several trust funds for gifts and donations for specific purposes). Like special funds and revolving funds, trust funds earmark collections for spending on specific purposes. Many of the larger trust funds finance social insurance payments for individuals, such as Social Security, Medicare, and unemployment compensation. Other major trust funds finance military and Federal civilian employees' retirement, highway and mass transit construction, and airport and airway development.

A trust fund normally consists of one or more receipt accounts to record receipts and an expenditure account to record the appropriation of the receipts and associated transactions. Some trust funds have multiple receipt accounts for the same reasons that special funds have them. Also, like special funds, large trust funds (such as the Highway Trust Fund) may have multiple expenditure accounts. A few trust funds, such as the Veterans Special Life Insurance fund and the Employees Life Insurance Fund, are established by law as revolving funds. These funds operate the same way as revolving funds in the Federal funds group, and we call them trust revolving funds. They conduct a cycle of business-type operations. The collections are credited to the expenditure account as offsetting collections and their outlays are displayed net of collections in a single expenditure account.

The Federal budget meaning of the term "trust", as applied to trust fund accounts, differs significantly from its private sector usage. In the private sector, the beneficiary of a trust usually owns the trust's assets, which

are managed by a trustee who must follow the stipulations of the trust. In contrast, the Federal Government owns the assets of most Federal trust funds, and it can raise or lower future trust fund collections and payments, or change the purposes for which the collections are used, by changing existing laws. There is no substantive difference between these trust funds and special funds or between trust revolving funds and public enterprise revolving funds. Whether a particular fund is designated in law as a trust fund is, in many cases, arbitrary. For example, the National Service Life Insurance Fund is a trust fund, but the Servicemen's Group Life Insurance Fund is a Federal fund, even though both are financed by earmarked fees paid by veterans and both provide life insurance payments to veterans' beneficiaries. There are a few Federal trust funds that are managed pursuant to a trust agreement. These are identified in the budget as "gift funds". In addition, the Government does act as a true trustee on behalf of some entities outside of the Government where it makes no decisions about the amount of these deposits or how they are spent. For example, it maintains accounts on behalf of individual Federal employees in the Thrift Savings Fund, investing them as directed by the individual employee. The Government accounts for such funds in deposit funds (see the section after next).

(e) Clearing accounts

You use clearing accounts to temporarily account for transactions that you know belong to the Government while you wait for information that will allow you to match the transaction to a specific receipt or expenditure account. For example:

- To temporarily credit unclassified transactions from the public when there is a reasonable presumption that the amounts belong to a Federal Government account other than miscellaneous receipts in the Treasury.
- To temporarily credit unclassified transactions between Federal agencies, including Intragovernmental Payment and Collection (IPAC) transactions.

You should not use clearing accounts to mask an overobligation or overexpenditure of an expenditure account.

(f) Deposit funds

You use deposit funds to account for monies that do not belong to the Government. This includes monies held temporarily by the Government until ownership is determined (such as earnest money paid by bidders for mineral leases) or held by the Government as an agent for others (such as State and local income taxes withheld from Federal employees' salaries and not yet paid to the State or local government). We exclude deposit fund transactions, as such, from the budget totals because the funds are not owned by the Government. Therefore, the budget records transactions between deposit funds and budgetary accounts as transactions with the public. For example, when the mineral leasing process has been completed, the winning bidder's earnest money is transferred from the deposit fund to the appropriate receipt account and the budget records a receipt. Similarly, outlays are recorded in an agency's salaries and expense account when a Federal employee is paid, even though some of the amount is transferred to a deposit fund for State and local income taxes withheld and paid later to the State and local government. Deposits and associated disbursements are recorded in the same account.

20.12 What do I need to know about reimbursable work?

Agencies can perform reimbursable work for the public or other Federal agencies. The types of laws that allow you to use advances or reimbursements in return for providing others with goods and services are:

- Laws that establish revolving funds, including franchise funds and working capital funds;
- Provisions in appropriations or substantive laws that allow agencies to use the amounts they collect;
 and

• The Economy Act (31.U.S.C. 1535).

Generally speaking, laws that authorize an agency to enter into a "reimbursable agreement" with non-Federal transaction partners only provide authority to deposit collections into the agency's account, rather than the Miscellaneous Receipts Account (31 U.S.C. 3302). One such example is the Intergovernmental Cooperation Act of 1969 (31 U.S.C. 6501). Authority to enter into a "reimbursable agreement" is not sufficient to allow you to record a budgetary resource against account receivable absent additional express statutory authority to do so.

(a) Revolving funds

You may use a revolving fund when a law establishes the revolving funds and authorizes you to credit payments to the revolving fund that performs the work. Revolving funds operate on a reimbursable basis when working capital (undisbursed cash) is available. Otherwise, advance payments must accompany orders. You may not disburse revolving funds into a negative cash position in anticipation of Federal or non-Federal reimbursements because of the Antideficiency Act.

(b) Payments from non-Federal entities

If the law authorizes an expenditure account to perform work for the public and to credit collections from non-Federal entities as spending authority, you may cover obligations incurred by the account by:

- Advances collected up to the amount of accompanying orders (see section <u>20.10</u> for treatment of advances); and
- Working capital that is available for this purpose.

(c) Economy Act

The Act authorizes the head of an agency or major organizational unit within an agency to place an order with a major organizational unit within the same agency or another Federal agency for goods or services provided that:

- The ordering agency has enough money to pay for the order;
- The head of the ordering agency or unit decides the order is in the best interest of the United States Government;
- The agency or unit to fill the order is able to provide or get by contract the ordered goods or services;
- The head of the ordering agency decides that the ordered goods or services cannot be provided by contract as conveniently or cheaply by a commercial enterprise; and
- Transactions authorized by the Economy Act are limited by the statutory requirement that the amount obligated by the ordering appropriation is required to be deobligated to the extent that the agency or unit filling the order has not incurred obligations before the end of the period of availability of the ordering appropriation.

Under the Economy Act, payment (via expenditure transfer) may be made in advance or reimbursements may be made. Advances and reimbursements from other Federal Government appropriations are available for obligation—but not disbursement until received—when the ordering appropriation records a valid obligation to cover the order. The Act states that the providing (servicing) agency shall charge the ordering (requesting) agency "on the basis of the actual cost of goods or services provided" as agreed to by the

agencies. Specific questions about Economy Act requirements should be directed to the agency's Chief Financial Officer and/or Office of General Counsel.

TERMS AND CONCEPTS EXHIBIT 20

Transfers¹ of Budgetary Resources Among Federal Government Accounts

TYPE OF TRANSACTION	NATURE OF TRANSACTION	TREASURY ACCOUNTING TREATMENT	BUDGET TREATMENT
	I. NONEXI	PENDITURE TRA	NSFERS
A. TRANSFER OF AUTHORITY TO OBLIGATE	Transfers to carry out the purposes of the RECEIVING ACCOUNT, for example, to shift resources from one purpose to another or to reflect a reorganization.	TRANSFER via S.F. 1151	The TRANSFERRING ACCOUNT reports a transfer out of budget authority or balances. THE RECEIVING ACCOUNT reports a transfer in.
B. ALLOCATION OF AUTHORITY TO OBLIGATE i.e., transfers to transfer appropriation accounts	Transfers to carry out the purposes of the PARENT ACCOUNT.	TRANSFER via S.F. 1151	Obligations and outlays are reported by the PARENT ACCOUNT.
	II. EXPE	NDITURE TRANS	SFERS
A. EXPENDITURE TRANSFER PAYMENTS BETWEEN TWO FEDERAL FUNDS OR BETWEEN TWO TRUST FUNDS	Payments to carry out the purposes of the PAYING ACCOUNT, such as payments in return for goods and services authorized under the Economy Act.	PAYMENTS via FMS 224 or electronic funds transfer. ²	Obligations and outlays are reported by the PAYING account. Offsetting collections are reported by the RECEIVING account. The collections are (1) ADVANCES or (2) REPAYMENTS in the form of REIMBURSEMENTS or REFUNDS.
	Payments that represent financial interchanges between Federal government accounts that are not in exchange for goods and services.		
B. EXPENDITURE TRANSFER PAYMENTS BETWEEN FEDERAL AND TRUST FUNDS	All transfers between the two fund groups are expenditure transfers.	PAYMENTS via FMS 224 or electronic funds transfer.	Same as above.

¹ A transfer is distinguished from a reprogramming in that a reprogramming always involves the shifting of budgetary resources within a Treasury account whereas a transfer usually involves the shifting of budgetary resource between two Treasury accounts. However, the shifting of budgetary resources within a single Treasury account should be considered a transfer if the action moves budgetary resources between separate statutory appropriations.

 $^{^2}$ For non-Treasury disbursing offices, the equivalent of the FMS 224 is the FMS 1219, Statement of Accountability, and FMS 1220, Statement of Transactions.

SECTION 21—OVERVIEW OF SCORING LEGISLATION

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21.1 What is scoring?

Scoring is the process of estimating the change in Government spending and collections resulting from enacted or proposed legislation, compared to what would happen in the absence of that legislation. These estimates are prepared both to inform policy makers of the budgetary effects of proposed legislation, and to inform congressional and statutory budget enforcement procedures.

21.2 When does scoring occur during the budget process?

Scoring occurs typically during budget formulation, the consideration of proposed legislation, and after a law has been enacted.

Budget formulation. As part of the budget formulation process, agencies submit baseline program levels and discretionary, mandatory, and governmental receipt proposals to OMB for consideration. Agencies work with OMB to determine the effect of proposals on budget authority, collections, and outlays based on the Administration's economic and technical assumptions. The scored level of budget authority, collections, and outlays for each approved budget proposal and the baseline for all programs create an overall picture of the President's proposed fiscal path.

Congressional process and enactment. During the congressional legislative process, CBO is required by statute to score legislation. Such scoring advises congressional committees on compliance with congressional budget enforcement procedures. During a legislative session, pursuant to statute, OMB updates the Congress on its estimates of the costs of the annual appropriations bills and publishes PAYGO scorecards that include estimates of enacted legislation that affect mandatory spending or governmental receipts. A sequestration is triggered at the end of a legislative session if OMB's scoring of appropriations Acts determines a breach of the discretionary caps has occurred or if OMB's PAYGO scorecard shows a debit in the budget year. See section 100.3 for more information on sequestration, section 100.4 for the budget enforcement reports issued by OMB, and section 15.3 for more information on the congressional budget process.

21.3 What are the basic concepts I need to know to score legislation?

(a) Overview of budget laws

The Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA) divides spending into two categories—discretionary and mandatory. The Explanatory Statement of the Committee of Conference for the Balanced Budget Act of 1997 (BBA of 1997) classified all accounts under the Appropriations Committee's jurisdiction at the time as discretionary, mandatory, or split between discretionary and mandatory. The "scorekeepers" (House and Senate Budget Committees, CBO, and OMB) consult on the classification of spending, determine the classification of new accounts, and may reclassify the designation of an existing account.

Discretionary and mandatory spending are controlled by different statutory enforcement procedures. The Budget Control Act of 2011 amended BBEDCA, and instituted limits ("caps") on the amount of discretionary budget authority for 2012 through 2021. For mandatory spending, the Statutory Pay-As-You-Go Act of 2010 (PAYGO) reestablished and made permanent a statutory procedure to enforce deficit neutrality on new revenue and mandatory spending legislation.

For more information on these statutes and budget enforcement, see chapters 9 and 11, "Budget Concepts" and "Budget Process" in the <u>Analytical Perspectives</u> volume of the Budget. For detailed information on how sequestration is applied for purposes of budget enforcement, see section <u>100</u>.

(b) Definition of discretionary spending

Discretionary spending is the budget authority provided by annual appropriations Acts and the outlays that result from that budget authority. For example, the budget authority and outlays for the salaries and expenses of federal personnel and other operating expenses of Government agencies are usually provided by annual appropriations Acts and, therefore, are usually discretionary.

(c) Definition of mandatory spending

Mandatory spending, also referred to as "direct spending," is budget authority and outlays provided by permanent laws. For example, permanent laws authorize payments for Medicare, unemployment insurance benefits, and farm price supports, so the budget authority and outlays for these programs are mandatory.

In addition, budget authority provided in annual appropriations Acts for certain programs, such as Medicaid, is treated as mandatory. Such accounts are called "appropriated entitlements" or "appropriated mandatories." The BBA of 1997 classified these accounts as such, predominantly because the authorizing legislation directs that the Government make or beneficiaries receive payments. While mandatory and discretionary classifications are used for measuring compliance with BBEDCA and PAYGO, they do not determine whether a program provides legal entitlement to a payment or benefit or the availability of funding. You should address questions about BBEDCA classifications and legal entitlements to your OMB representative.

(d) Committee of jurisdiction

When scoring legislative language or a Budget proposal, it is important to know which congressional committees have jurisdiction over the proposal and whether the affected spending is mandatory or discretionary, or whether the proposal would affect governmental receipts. While most scoring concepts apply to each type of spending and to governmental receipts, the budget enforcement laws differ. Authorizing committees have jurisdiction over mandatory (or "direct") spending and governmental receipts, and budget enforcement for this spending is governed by PAYGO. The Appropriations Committees have jurisdiction over discretionary spending, and budget enforcement is governed by the spending limits (caps) set in BBEDCA.

In some cases, legislative action by an appropriations committee may affect spending or receipts under the jurisdiction of an authorizing committee, and vice versa. In these cases, the budgetary effects are scored against the committee taking the legislative action.

Explicit OMB approval is required to include authorizing language in the Budget *Appendix*, either as account-specific appropriations language or as a general provision. Please consult first with your OMB representative if your agency has such a proposal. Both scoring and jurisdictional issues will be part of the consideration for inclusion of a proposal in the Budget. See section <u>95.5</u> and <u>95.6</u> for guidance on the legislative language included in the Budget *Appendix*.

(e) How are scoring estimates measured?

Authorizing legislation is measured as a change to outlays or governmental receipts from the President's Budget baseline, updated for enacted legislation and certain other actions. See section <u>80</u> for how to construct the baseline. Scoring for discretionary programs is generally measured in terms of budget authority provided in appropriations Acts. For both authorizing legislation and discretionary programs, offsetting collections and offsetting receipts net against both budget authority and outlays in the year they are collected.

(f) Economic and technical assumptions

BBEDCA requires agency and OMB scoring to use the economic and technical assumptions underlying the most recently released President's Budget. OMB provides agencies with economic assumptions to be used for Budget estimates. Examples of economic assumptions include interest rate projections, housing price projections, and projections of inflation. Technical assumptions are assumptions that are not determined by economic factors, such as outlay rates, caseload projections, and estimates for offsetting collections or receipts. For more information on the economic and technical assumptions underlying baseline and policy estimates see section <u>80</u> and section <u>31</u>.

For Mid-Session Review, OMB provides revised economic assumptions to agencies, and asks agencies to update their technical assumptions. Updates of economic and technical assumptions for the Mid-Session Review are not used for scoring, which is based on the economic and technical assumptions from the most recently released President's Budget. For more information on Mid-Session Review, see section <u>10.6</u>.

(g) Scoring timeframes

The budgetary effects of authorizing legislation and discretionary appropriations are scored over different timeframes. Authorizing legislation is scored as the change to outlays or governmental receipts from the President's Budget baseline in each year of the budget window (the current year, the budget year, and the nine subsequent years). Discretionary appropriations are scored in the current and budget year only, and the overall score for those years includes discretionary amounts provided for those years in previous appropriation Acts (i.e., advance appropriations).

21.4 What are the budget enforcement mechanisms for discretionary and mandatory spending?

(a) Caps on discretionary budget authority

BBEDCA specifies spending limits or "caps," on discretionary budget authority for 2012 through 2021. The caps are divided between a "revised security category" and a "revised nonsecurity category." The revised security category (or defense category) includes discretionary budget authority in the defense budget function 050, which primarily consists of the Department of Defense. The "revised nonsecurity category" (or non-defense category) includes all discretionary budget authority not included in the defense budget function 050.

BBEDCA includes requirements for OMB to adjust the caps for changes in concepts and definitions and for appropriations designated by Congress and the President as either emergency requirements or for Overseas Contingency Operations/Global War on Terrorism. BBEDCA also specifies adjustments to the caps for appropriations for continuing disability reviews and redeterminations by the Social Security Administration; the health care fraud and abuse control program at the Department of Health and Human Services; and appropriations designated by the Congress as being for disaster relief.

BBEDCA requires OMB to provide cost estimates of each appropriations Act in a <u>report</u> to the Congress within seven days of enactment of such Act and to publish three <u>sequestration reports</u>—a "preview" report when the President submits the Budget, an "update" report in August, including a preview estimate of the adjustment for disaster funding for the upcoming fiscal year, and a "final" report within 15 days after the end of a session of Congress (see section <u>100.4</u>).

If OMB's final discretionary sequestration report for a given fiscal year indicates that the amount of discretionary budget authority provided in appropriations Acts for that year exceeds the cap for that category in that year, the President must issue a sequestration order to eliminate the breach. See section 100 for guidance on sequestration.

(b) Pay-as-you-go for mandatory spending

PAYGO requires that new legislation changing governmental receipts or mandatory spending or collections must be enacted on a "pay-as-you-go" basis; that is, that the cumulative effects of such legislation must not increase projected on-budget deficits. The PAYGO statute established special scorekeeping rules, scorecards, an annual report, and a sequestration requirement.

The enforcement requirements in PAYGO are permanent, unlike the budget enforcement mechanism for discretionary programs, and does not impose a cap on spending or a floor on governmental receipts. Instead, PAYGO requires that bills reducing governmental receipts or increasing mandatory spending must be fully offset by enacting revenue increases or mandatory spending reductions. This requirement of deficit neutrality is not enforced on a bill-by-bill basis, but is based on two scorecards that tally the cumulative budgetary effects of PAYGO legislation over the course of a congressional session.

The PAYGO rules also apply to the outlays resulting from changes in outyear budget authority for mandatory programs made in appropriations Acts (CHIMPs) and to all changes to governmental receipts made in appropriations Acts.

The PAYGO rules do not apply to increases in mandatory spending or decreases in governmental receipts that result automatically under existing law. For example, mandatory spending for benefit programs, such as unemployment insurance, rises when the population of eligible beneficiaries rises, and many benefit payments are automatically increased for inflation under existing laws. Also, if the Congress designates a provision of mandatory spending or governmental receipts legislation as an emergency requirement, the effect of the provision is not scored as PAYGO.

Over the course of a congressional session, all PAYGO legislation is scored to determine the budgetary effects—costs and savings—except if exempted in law. The score for each bill is recorded by OMB on two PAYGO scorecards in which costs or savings are averaged over rolling five-year and 10-year periods (see section 100.4). OMB is required to update the scorecards on a continuous basis.

In addition, within 14 business days after the end of a congressional session, OMB is required to issue an annual PAYGO report and determines whether a violation of the PAYGO requirement has occurred. If costs exceed savings in the budget year column of either scorecard, the President is required to issue a sequestration order implementing across-the-board cuts to nonexempt mandatory programs by an amount sufficient to offset the net costs on the PAYGO scorecard. This sequestration process is separate from that described above for a breach of the discretionary caps.

(c) Congressional enforcement procedures

Congress has procedural requirements for bills to advance through the legislative process. Agencies may be asked to develop cost estimates to inform Congress of the budgetary effects of potential legislation. For more information on congressional enforcement procedures see section 10.5 and Chapter 9 and 11, "Budget Concepts," on Congressional Action in the *Analytical Perspectives* volume of the Budget.

21.5 What resources are available to help me score legislation?

The general concepts used by scorekeepers are found throughout Circular A-11, including the resources cited below. Your OMB representative can provide assistance in applying the concepts, rules, and conventions for scoring legislation.

Appendix A. the Scorekeeping Guidelines, is used by the House and Senate Budget Committees, CBO, and OMB in measuring compliance with the Congressional Budget Act of 1974 (CBA), as amended; the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended; and the Statutory Pay-As-You-Go Act of 2010.

Appendix B, the Budgetary Treatment of Lease-Purchases and Leases of Capital Assets is also used to assist in scoring legislative authority to enter into a variety of leasing contracts.

Section 20.4 addresses a variety of scoring concepts, including reappropriations, cancellations and rescissions, and transfers.

Additional information on PAYGO and the special rules for certain PAYGO estimates can be found on the OMB website at https://www.whitehouse.gov/omb/paygo description/.

21.6 When are scores of legislation due to OMB?

Mandatory and governmental receipt proposals for the Budget. OMB requires that all proposals included in the Budget be scored and included in the appropriate transmittal code in MAX A-11 Data Entry by the deadlines provided in the annual budget season guidance. See section 79.3 for information on transmittal codes. The schedule for the 2018 Budget can be found in section 25.

Enacted authorizing legislation. Agencies should work with their OMB representative to finalize PAYGO estimates by no more than two weeks after legislation is signed into law. Agencies should follow legislation affecting their programs as it moves through the congressional process in order to identify difficult scoring issues as soon as possible and to be prepared to provide scores in a timely manner to meet the requirements outlined in section 21.4(b).

Discretionary appropriations. The annual budget formulation schedule requires the annual appropriations request in time to complete the President's Budget. In addition, throughout the appropriations season, and particularly upon enactment of full-year appropriations Acts, agencies are required to work with their OMB representatives to resolve any questions on scoring effects so that OMB can meet the statutory reporting requirements as outlined above in section 21.4(a).

SECTION 22—COMMUNICATIONS WITH THE CONGRESS AND THE PUBLIC AND CLEARANCE REQUIREMENTS

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22.1 Confidentiality of budget deliberations.

The nature and amounts of the President's decisions and the underlying materials are confidential. Do not release the President's decisions outside of your agency until the Budget is transmitted to the Congress. The materials underlying those decisions may not be released at any time, except in accordance with this section. In addition, outyear discretionary data is considered pre-decisional and may not be released without prior OMB approval. (For additional information on the confidentiality of pre-decisional budget information, please consult OMB Memorandum M-01-17 of April 25, 2001.)

Presidential decisions on current and budget year estimates (other than forecasts of items that will be transmitted formally later), both in total and in detail, become the "proposed appropriations" as that term is used in the Budget and Accounting Act of 1921, as amended, and must be justified by your agency. Do not release agency justifications provided to OMB and any agency future year plans or long-range estimates to anyone outside the Executive Branch, except in accordance with this section.

Section <u>51.16</u> confirms and clarifies the application of this section to pre-decisional, deliberative budget information relating to the Inspectors General.

22.2 Congressional testimony and communications.

The Executive Branch communications that led to the President's budgetary decisions will not be disclosed either by the agencies or by those who have prepared the budget. In addition, agency justifications provided to OMB and any agency future year plans or long-range estimates will not be furnished to anyone outside the Executive Branch, except in accordance with this section.

When furnishing information on appropriations and budgetary matters, you (and your agency representatives) must be aware of the following limitation on communications:

"...An officer or employee of an agency may submit to Congress or a committee of Congress an appropriations estimate or request, a request for an increase in that estimate or request, or a recommendation on meeting the financial needs of the Government only when requested by either House of Congress" (31 U.S.C. § 1108(e)).

You must also be aware of restrictions on communications to influence legislation that are not conducted through proper official channels (18 U.S.C. § 1913).

After formal transmittal of the budget, an amendment, or a supplemental appropriations request, the following policies apply when testifying before any congressional committee or communicating with Members of the Congress:

SECTION 22—COMMUNICATIONS WITH THE CONGRESS AND THE PUBLIC AND CLEARANCE REQUIREMENTS

- Witnesses will give frank and complete answers to all questions.
- Witnesses will avoid volunteering personal opinions that reflect positions inconsistent with the President's program or appropriation request.
- If statutory provisions exist for the direct submission of the agency budget request to the Congress, OMB may provide you additional materials supporting the President's Budget request that you will forward to the Congress with the agency testimony. Witnesses will be prepared to explain the agency submission, the request in the President's Budget, and any justification material.
- When responding to specific questions on program and appropriations requests, witnesses will not provide the agency's request to OMB or plans for the use of appropriations that exceed the President's request. Typically, witnesses are responsible for one or a few programs, whereas the President is responsible for all the needs of the Federal Government. Where appropriate, witnesses will explain this difference in perspective and that it is therefore not appropriate for them to support appropriations above the President's request.
- When asked to provide a written response that involves a statement of opinion on program and appropriations requests, witnesses will provide a reply through the agency head.
- Do not let your communications be perceived as an "appropriations estimate or request ... or an increase in that estimate or request" (31 U.S.C. § 1108). You are expected to support the President's budgetary decisions and seek adjustments to those decisions only through established procedures if your agency head determines such action is necessary.

22.3 Clearance of materials for the Congress and the media.

Policy consistency between the President's Budget and the budget-related materials prepared for the Congress and the media is essential. To ensure this consistency, you are required to submit budget-related materials to OMB for clearance prior to transmittal to congressional committees, individual Members of the Congress or their staff, or the media. Unless a specific exemption is approved by OMB, materials subject to OMB clearance include:

- All budget justifications and budget-related oversight materials;
- Testimony before and letters to congressional committees;
- Written responses to congressional inquiries or other materials for the record;
- Materials responding to committee and subcommittee reporting requirements;
- Capability statements;
- Appeals letters;
- Reprogramming requests;
- Related cost information:
- Financial management documents addressing budget and policy issues (e.g., some accountability reports or transmittal documents for audited financial statements); and

Proposed press releases relating to the President's Budget.

Provide this information to OMB five working days in advance to allow adequate review time. Performance and Accountability Reports must be provided 10 days in advance unless a shorter period is approved by OMB. OMB review of reprogramming requests may take longer in some circumstances (e.g., if the request has not been coordinated or if supporting materials have not been provided concurrently). In exceptional circumstances, where the response time is very short, agencies may request oral clearance or make other arrangements for expedited review. Immediately after the budget transmittal and after subsequent transmittals, provide OMB with a schedule of anticipated congressional reviews that require agency oral and written participation. Revise this schedule as appropriate.

Address any questions you have about this subsection to the OMB representatives whom you normally consult on budget-related matters.

22.4 Clearance of changes to the President's Budget.

If you want to propose changes to the President's Budget (e.g., appropriations language, limitations, balance sheets required by the Government Corporation Control Act, and dollar amounts), you must follow the confidentiality and clearance guidance provided in this section and submit a written request as described in section 110.3. OMB will notify you whether a formal transmittal of the change will be made.

When it is possible to reduce the amount of an appropriations request before action has been taken by the Appropriations Committee of either House, the head of your agency must inform OMB promptly. Before your agency head decides to request restoration of a reduction, the reasons for the reduction, the circumstances under which it was made, and its significance to the President's program should be carefully considered.

22.5 Information available to the public.

Agency budget documents that are subject to the Freedom of Information Act (FOIA) may be exempt from mandatory release pursuant to 5 U.S.C. § 552(b)(5). Depending on the nature of the record requested, other FOIA exemptions may apply. When deciding whether to withhold a budget document that is exempt from mandatory release, follow the FOIA memorandum issued by the President on January 21, 2009 and the FOIA guidance issued by the Attorney General on March 19, 2009. Any discretionary decision by an agency to disclose protected information should be made only after full and deliberate consideration of the institutional interests that could be implicated by disclosure, as well as after consultation with OMB. Agency heads are responsible for determining the propriety of record releases under FOIA.

Certain agencies headed by a collegial body are required to hold their meetings open to public observation unless the agency properly determines that the matter to be discussed warrants the closing of those meetings for reasons enumerated in the Government in the Sunshine Act (5 U.S.C. § 552b). Some meetings covered by that Act may pertain to budgetary information discussed in this Circular. Although, as with the FOIA, it is not possible to determine merely by the generic category of such information whether such an agency would be authorized to close a particular meeting covered by the Act, agencies must review those situations that involve budgetary information under the guidelines in the paragraph above and 5 U.S.C. § 552b(c). Such agencies are responsible for the propriety of determinations under these guidelines and provisions.

22.6 Congressional budget justifications.

Congressional budget justification materials must include or be structured as the performance plan submission (section $\underline{240}$). In addition, agencies must include the additional information described below,

SECTION 22—COMMUNICATIONS WITH THE CONGRESS AND THE PUBLIC AND CLEARANCE REQUIREMENTS

as well as detailed descriptions of agencies' activities and proposals at the program, project, and activity level.

(a) Materials for performance plan submission to the Congress

Consult with your congressional representatives to agree on the performance plan format prior to submitting your congressional justification. Please also note the applicable public posting and notification requirements that apply to performance plans as detailed in section 22.6(c). Your OMB representative should be included in those consultations as appropriate. Accordingly, your OMB representative should be provided with your proposed justification to the Congress with sufficient time for review.

(b) Material to be included in congressional budget justifications

Consistent with 41 U.S.C. § 1703(h), identify funding levels requested for education and training of the acquisition workforce in your budget justifications to the Congress.

Consistent with <u>42 U.S.C.</u> § <u>8255</u>, identify funds requested for energy conservation measures in your budget justifications to the Congress.

Provide the Congress with information to assess current and proposed capital projects that is consistent with the Administration's budget proposals, including: appropriate information on planning; budgeting, including the current or proposed use of incremental or full funding; acquisition; and management of the projects.

Provide the Congress with information on the expected benefits you will receive from the President's E-Government initiatives and the funding levels for FY 2016.

You must submit all budget justification materials to OMB for clearance before transmitting them to the Congress.

(c) Availability of congressional budget justifications

Make your full congressional budget justification materials, including your performance plan submission, available to the public and post the materials on the Internet within two weeks after transmittal of those materials to the Congress. Release of these materials must be done in accordance with the requirements of this section and any relevant provisions of law. Materials will not be released if disclosure is prohibited by statute, the materials are classified or must be kept secret in the interest of national security or foreign policy, or the materials are otherwise exempt from release pursuant to <u>5 U.S.C.</u> § 552(b).

CIRCULAR NO. A-11

PART 2

PREPARATION AND SUBMISSION OF BUDGET ESTIMATES



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016

SECTION 25—SUMMARY OF REQUIREMENTS

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Key Dates for the FY 2018 Budget

The following tentative schedule covers the requirements to construct a complete baseline budget database by account, as well as actual data for the prior year and estimates for the current year.¹

GTAS closes for 4 th quarter, FY 2016	October 18
GTAS revision window opens	October 18
MAX A-11 database opens	
Agency MAX A-11 PY lock and GTAS revision window closes	
Receipt PY revision window closes	November 15
Economic assumptions released	November 10
Agency baseline lock	

¹ Per OMB Memorandum M-16-10, the 2018 Budget will be submitted by the next Administration ² The PY lock applies to all schedules.

Summary of Changes

Lowers the reporting threshold for geospatial data investments from \$500,000 to \$100,000 (section 25.5).

Drops the requirement to submit a Forecast of Contract Support (section <u>25.5</u>).

25.1 Does Part 2 (Preparation and Submission of Budget Estimates) apply to me?

By law (31 U.S.C. 1104), the President's budget must include information on all agencies of all three branches of the Federal Government. Therefore, the instructions in Part 2 generally apply to all Government agencies. In addition, these instructions apply to the District of Columbia, which must submit information in support of Federal payments to the District. OMB includes the information submitted by certain agencies in the budget without change. In addition, Government-sponsored enterprises (GSEs) submit some of the information required of Government agencies on a comparable basis, and OMB includes it in the budget for information purposes.

If your agency appears in the following list, it is not subject to Executive Branch review by law or custom. That means that the requirements for submitting materials in support of your budget request do not apply to you. However, you do need to submit the information required for inclusion in the budget database and documents, which OMB incorporates without revision.

• Legislative Branch agencies.

- Judicial Branch agencies.
- Executive Branch agencies, as follows:
 - Milk, Fruit, and Vegetable Marketing Orders, USDA.
 - International Trade Commission.
 - Postal Service.
 - ▶ Board of Governors of the Federal Reserve System.
- Government-Sponsored Enterprises (GSEs) as follows:
 - ▶ Federal National Mortgage Association.
 - ▶ Federal Home Loan Mortgage Corporation.
 - ▶ Banks for cooperatives.
 - Agriculture credit banks.
 - Farm credit banks.
 - ▶ Federal Agricultural Mortgage Corporation.
 - Federal home loan banks.
 - Financing Corporation.
 - ▶ Resolution Funding Corporation.

Contact your OMB representative if you have questions about the applicability of these instructions.

25.2 How do I get an exception?

For the sake of comparability among the budget data and presentations, OMB does not grant many exceptions to the specific requirements in this Part. However, if you believe special circumstances warrant an exception in your case, submit a written request detailing the circumstances and the specific exception needed to your OMB representative by August 1. If OMB approves the exception, it is valid only for the specified budget.

25.3 For what items do I need advance approval?

You must get advance approval from your OMB representative for the items shown in the table below.

Item	See section	Timing
(1) Form and content of justification materials.	<u>51.2</u>	To be determined in consultation with your OMB representative.
(2) Program activity structure in the program and financing schedule.	<u>82.5</u>	By October 1.
(3) Changes in functional and receipt classifications.	<u>79.4</u>	By October 1.
(4) Changes in budget account structure (new accounts, merged accounts, changes in account titles, etc.)	<u>79.4</u>	By October 1 or as soon as possible thereafter for changes dependent on congressional action or other circumstances beyond agency control.

25.4 How do I submit information to OMB?

You generally submit information in two stages:

(1) As part of your budget request. Both Executive Branch agencies that are subject to Executive Branch review and the District of Columbia must prepare information and materials supporting their budget request. Your OMB representative will work with you to determine the specific form, content,

and timing of this information. Agencies that are not subject to Executive Branch review are not required to submit this information.

(2) *After passback*. Passback usually occurs around the end of November. In early-mid November, OMB issues detailed guidance and deadlines to complete CY and BY information. This stage includes MAX computer data, print materials, and additional information used to prepare the budget documents and supporting database. Also, you may need to revise and resubmit some materials included in the budget request to reflect the effects of final decisions. Agencies that are not subject to Executive Branch review need to submit information for inclusion in the budget documents and the budget database.

In the following sections, we tell you more about each stage, the items required, the criteria for determining whether the item applies to your agency, and where to find more detailed guidance on the item.

25.5 What do I include in the budget request to OMB?

You should include the information described below. In addition, your OMB representative may require you to include other materials (for example, information about your budget request by account and Budget Enforcement Act (BEA) category).

TABLE 1: CONTENTS OF THE BUDGET REQUEST¹
Access web links at http://www.whitehouse.gov/sites/default/files/omb/assets/a11 current year/s25.pdf

If your agency is subject to Executive Branch Review and	Then include this	See section or link
	Justification materials	<u>51</u>
Has motor vehicles	Motor vehicle fleet report (Due August 26, 2016, initial agency input)	Instructions
Obligates more than \$5 million annually for rental payments to GSA or others	Space budget justification (Due with agency budget submission)	<u>54</u>
Has credit liquidating accounts with unobligated balances that carry over into the current year	Justification of unobligated balances in liquidating accounts	51.14, 185.3(1)
Has geospatial data investments \$100,000 or greater	Information on geospatial data investments ² (Due within 90 days of enactment of an agency's appropriations bill)	Instructions
Has submitted a strategic sustainability performance plan associated with meeting the goals of EO 13693	Information on funds for agency implementation of sustainability goals	Instructions
Has submitted a climate adaptation plan and is implementing action consistent with EO 13653	Information on funds for resilience in construction and renovation of Federal facilities	31.9
Implements homeland security related initiatives	Homeland security data collection	<u>Instructions</u>
Has technology transfers	Information on technology transfers (Due January 13, 2017)	Instructions

TABLE 1: CONTENTS OF THE BUDGET REQUEST¹

Access web links at http://www.whitehouse.gov/sites/default/files/omb/assets/a11 current year/s25.pdf

If your agency is subject to Executive Branch Review and	Then include this	See section or link
Subject to GPRA requirements	Performance budget	<u>51.7, 200</u>
Is requesting funds for information technology	General guidance on IT budget submissions, including: IT Portfolio Summary (Comprised of the IT Investment Portfolio Summary, Provisioned IT Services Spending Summary, Data Center Spending Summary, and Budget Accounts Summary), and submission of Major IT Investment Business Cases.	Instructions
Is requesting funds for information technology	IT Statements and IT Table	51.3
Is requesting funds for non-information technology (IT) capital assets (other than aircraft)	Business Case for Non-IT Capital Acquisitions ²	Instructions
Is requesting funds for acquisition and maintenance of aircraft	Business Case for Acquisition and Maintenance of Aircraft ²	Instructions
Is proposing any discretionary administrative actions that would increase mandatory spending	Information on planned administrative actions	OMB Memorandum M-05-13, 31.3
Provides major formula grants to State or local governments	State-by-State data and other information	Instructions
Has R&D funding	R&D funding by account and crosscut data at the bureau/agency level in budget authority (not outlays)	<u>Instructions</u>

¹ Agencies are not required to submit a formal budget request in September. However, certain materials are due as specified by the dates in this table. The Administration's plans for development of budget data in support of the 2018 budget process are described in OMB Memorandum No. M-16-10. Requirements do not apply to agencies not subject to Executive Branch review (see section 25.1).

25.6 How do I build the MAX database?

(a) Overview

After the President has considered the estimates and made his decisions, you will be notified. You submit two types of information after passback, as explained in more detail in the following sections:

- *MAX data*, submitted through the MAX budget data system (see sections <u>79-86</u>).
- *Print materials*, which OMB uses to prepare parts of the budget *Appendix* (see section 95).

If the decisions affect other budget accounts (such as the amount of transfers), you need to coordinate these changes with whomever is responsible for the budget submission of those other accounts.

When you are informed of the President's decisions, your agency head will determine the best and most appropriate distribution of amounts that have been left flexible. This Circular does not address the process

² If final decisions require changes to this information, revised materials must be submitted.

by which you appeal passback decisions. We issue separate guidance on the appeals process at the time of passback.

(b) Timing

The core information in the PY column must be completed by mid-November (see Key Dates). In midearly November OMB issues detailed guidance and deadlines for completing all MAX database schedules. These deadlines are based on the very tight schedule that OMB must maintain in order to transmit the budget in a timely manner. In order to meet the deadlines, you must begin providing the required information based on passback decisions. Do not wait until you have resolved appeals. Appeals generally affect very little of the information you submit, and you will have an opportunity to change the information as necessary to reflect the appeal resolution. Unless your OMB representative agrees, do not submit information that assumes an appeal resolution different from passback. When an appeal results in changes to passback decisions, the changes often differ from the agency proposal.

(c) MAX data

You must submit the MAX computer data described below for each applicable budget account. In addition, if the criterion listed in the first column of the table applies to you, submit the data described in the second column for each applicable budget account. We indicate the MAX data schedule or schedules involved and tell you where to find guidance on the requirement.

TABLE 2: MAX DATA 1,2

If your agency has	Then submit for each applicable budget account	MAX data schedule	See section
Budget authority and outlays	Estimates of budget authority and outlays	X	<u>81, 82</u>
	Character classification data, including R&D data	С	<u>84</u>
	Program and financing schedules ³	X	<u>82</u>
Obligations	Object classification schedules	0	83
Employment	Employment summary	Q	<u>85.6</u>
Receipt accounts	Receipt estimates	K and R	81.3(b)
Credit liquidating or financing accounts; or non-credit revolving funds that conduct business-type activities (as determined by OMB), including GSEs	Balance sheet	F	86.1
Appropriations language requests	Budget year appropriations requests in thousands of dollars	T	86.2
Major trust funds and certain other accounts (as determined by OMB)	Status of funds	J	86.3

TABLE 2: MAX DATA 1,2

If your agency has	Then submit for each applicable budget account	MAX data schedule	See section
Special or trust fund receipts	Special and trust fund receipts	N	<u>86.4</u>
Credit programs	Federal credit data	G, H, U, and Y	<u>185</u>

¹ Including agencies not subject to Executive Branch review. GSEs submit data for schedules F, G, and H only. Federal Reserve Board submits data for schedules A, P, and O only.

(d) Print materials

Print materials include these items printed in the *Budget Appendix*:

- *Appropriations language*. You must submit language for each account for which appropriations or limitation language was enacted in the CY or is proposed in the CY or BY, including supplemental appropriations requests. You must also submit any general provisions that pertain to you (see section 95).
- *Narrative statements, footnotes, and tables*. You must provide a narrative statement for each account with activity in the current or budget year and separate statements for supplemental requests, rescission proposals, and items proposed for later transmittal. You may be required to provide tables and footnotes that are not generated by MAX under certain circumstances (see section 95).

² Information required for schedules A, S, and P will be reported in a single worksheet (schedule X).

³ Schedule P also required for accounts with obligated or unobligated balances.

SECTION 31—POLICIES, LAWS, AND OTHER GENERAL REQUIREMENTS FOR BUDGET ESTIMATES

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- 31.7 Multi-year appropriations
- 31.8 Management improvement initiatives and policies
- 31.9 Construction, leases of capital assets, and acquisition of real property
- 31.10 Hospital costs
- 31.11 Advisory committees and interagency groups
- 31.12 Radio spectrum-dependent communications-electronics systems
- 31.13 Spectrum relocation fund
- 31.14 Historically Black Colleges and Universities
- 31.15 Controlled Unclassified Information
- 31.16 Additional policies and requirements

Summary of Changes

Updates the methodology for determining spectrum efficiency (section 31.12).

Requires that agency budget estimates should reflect consideration of <u>Executive Order 13556</u>, Controlled Unclassified Information, and the associated policies issued by the National Archives and Records Administration (new section 31.15).

31.1 Basic policies and assumptions

(a) What should be the basis for my proposals?

Your proposals should result from a comprehensive system that integrates analysis, planning, evaluation, and budgeting and should reflect the results of the agency's annual strategic reviews as appropriate (see section 270 for more on strategic reviews). In developing the estimates, consider the effect that demographic, economic, or other changes can have on program levels beyond the budget year. Be prepared to discuss the impact that program levels and changes in methods of program delivery, including advances in technology, will have on program operations and administration. Also consider the appropriate roles for Federal. State, and local governments, as well as the private sector, in conducting the covered activities.

- (b) What is the scope of the policy estimates?
 - (1) Presidential policy estimates for CY and BY.
 - (i) Regular annual estimates. Your regular annual estimates must reflect all requirements anticipated at the time of budget submission and should cover:
 - Continuing activities, including those that must be reauthorized for the budget year;
 - Authorized activities that are proposed for the budget year;
 - Amounts necessary to meet specific financial liabilities imposed by law; and
 - Decreases for activities proposed for termination or reduction.
 - (ii) Supplemental proposals. You should make every effort to conduct your programs within the amounts appropriated for the current year and to postpone actions that require supplemental appropriations. OMB will only consider supplemental requests that meet the criteria provided in section 110.
 - (2) Presidential policy outyear estimates.

Policy estimates for the nine years following the budget year (BY+1 through BY+9) enable an analysis of the long-term consequences of proposed program or tax policy initiatives. When you develop outyear policy estimates, they should be consistent with the general policies and information required for the budget year and indicate the degree to which specific policy decisions made for the budget year or any subsequent year affect budget authority, outlay, and receipt outyear levels. For mandatory estimates, take into consideration changes in spending trends, economic assumptions, and other actions or events when you prepare estimates of budget authority, outlays, and receipts for BY+1 through BY+9. For discretionary budget authority estimates, unless directed otherwise, assume that MAX will generate the outyears using current inflation factors.

(c) What economic assumptions should I use when I develop estimates?

All budget materials, including those for the outyear policy and baseline estimates, must be consistent with the economic assumptions provided by OMB. The specific guidance below applies to outyear policy estimates.

OMB policy permits *consideration* of price changes for goods and services as a factor in developing estimates. However, this does not mean that you should automatically include an allowance for the full rate of anticipated inflation in your request.

For *mandatory programs*, reflect the full inflation rate where such an allowance is required by law and there has been no decision to propose less than required. For *discretionary programs*, you may include an allowance for the full rate of anticipated inflation, an allowance for less than the full rate, or even no allowance for inflation. In many cases, you must make trade-offs between budgeting increases for inflation versus other increases for programmatic purposes. Unless OMB determines otherwise, you must prepare your budget requests to OMB within the budget planning guidance levels provided to you, regardless of the effect of inflation.

Economic assumptions may be revised shortly before final budget decisions are made. These revisions will not usually result in changes to the previous budget guidance on your agency totals.

See sections <u>32</u> and <u>85</u> for personnel assumptions and costs.

31.2 Advance appropriations

Do not request advance appropriations if the only purpose is to shift budget authority for a program that would normally be provided in the budget year. For example, if you would normally request budget authority in the budget year to cover a cohort of obligations for a grant program, even though some of the obligations will not be incurred until the following fiscal year, you may not request an advance appropriation to cover the obligations expected to be incurred in the following fiscal year.

31.3 Agency administrative actions

OMB Memorandum M-05-13, "Budget Discipline for Agency Administrative Actions," requires you to identify offsets when proposing administrative actions such as regulations, demonstrations, program notices, guidance to States or contractors, or other similar actions not required by law that would increase mandatory spending. In addition, you are required to include with your budget submission a list of all planned or anticipated administrative actions that would increase mandatory spending (see section 25.5).

31.4 Equal opportunity

Your estimates should reflect the Administration's commitment to programs designed to ensure or promote equal opportunity regardless of race, color, religion, national origin, sex (including pregnancy and gender identity), disability, age, sexual orientation, genetic information, or any other non-merit-based factor. These activities include the following: implementation of statutes or regulations requiring fair housing; nondiscrimination in federally assisted or conducted programs; equal credit opportunity; full voting rights; civil and Constitutional rights; equal employment opportunity (including nondiscrimination by Federal agencies); and efforts to increase Federal contracting and subcontracting opportunities for minorities, women, and disadvantaged entrepreneurs.

31.5 Full funding

Requests for acquisition of capital assets must propose full funding to cover the full costs of the project or a useful segment of the project, consistent with the policy stated in the <u>Capital Programming Guide</u>. Specifically, requests for procurement programs must provide for full funding of the entire cost. In addition, requests for construction programs must provide for full funding of the complete cost of construction. You should not submit estimates for construction funds for major construction projects unless planning will reach a point by the end of the current year that will ensure that a contract for construction could be awarded during the budget year. Remember that Administration policy and the Antideficiency Act require you to have sufficient budget authority or other budgetary resources to cover the full amount of unconditional obligations under any contract.

For policies related to leases of capital assets and lease-purchases, see section 31.9 and Appendix B. For guidance on budget submissions for capital asset acquisitions, see section 51.19. For guidance on principles and techniques of planning, budgeting, procurement, and management of capital assets, see the supplement to this Circular, the Capital Programming Guide.

31.6 Government perquisites

Your estimates should reflect Administration policy to limit the use of Government vehicles, Government aircraft, travel, executive dining facilities, conferences, real property, and fleet management in accordance with <u>Bulletin No. 93-11</u> "Fiscal Responsibility and Reducing Perquisites," OMB Memorandums M-11-35 "Eliminating Excess Conference Spending and Promoting Efficiency in Government" and M-12-12 "Promoting Efficient Spending to Support Agency Operations," and <u>Executive Order 13589</u> "Promoting Efficient Spending."

31.7 Multi-year appropriations

Consider whether it is appropriate to request appropriations with multi-year availability, particularly for buildings, equipment, and other types of fixed capital assets, including major computer and telecommunications systems, with long acquisition cycles. Where multi-year appropriations requests are appropriate, you should match the period of availability to the expected length of the acquisition cycle.

31.8 Management improvement initiatives and policies

Your estimates should reflect your efforts and planned action to strengthen management and improve program performance. Guidance on specific areas is provided below.

- Capital planning and investment control. Agency estimates should reflect the Administration's commitment to information technology (IT) investments that directly support agency missions as identified in the agency's Information Resources Management (IRM) Strategic Plan, specified in OMB Circular A-130, which should fully describe all IT resources at the agency, be prepared in a manner consistent with the CIO role and CIO review described on page 11 of OMB memorandum M-15-14 Management and Oversight of Federal IT, including the certification statements described in section 51.3, and be consistent with the Federal IT Acquisition Reform Act (FITARA) and other relevant laws as described by instructions in sections 51.19 and 55.
- Open data and records management. Your estimates should reflect data sets that have been prioritized through your agency's engagement with customers as specified in OMB Memorandum M-13-13 "Open Data Policy Managing Information as an Asset." Your estimates should also reflect work necessary to meet the requirements of OMB Memorandum M-12-18 "Managing Government Records Directive," OMB Circular A-130, the E-Government Act, and OMB's guidance. Initiatives should create a customer-centered electronic presence (maximizing the reuse of current assets) and advancing the strategy identified in the IRM plan.
- Security. Your estimates should reflect a comprehensive understanding of OMB security policies and National Institute of Standards and Technology (NIST) guidance, including compliance with the Federal Information Security Management Act, and OMB Memorandum M-03-19, "Reporting Instructions for the Federal Information Security Management Act and Updated Guidance on Quarterly IT Security Reporting," by:
 - \blacktriangleright Reflecting the cost considerations used to calculate IT security costs (see section <u>51.19</u>);
 - Demonstrating that the costs of security controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by NIST;
 - Demonstrating how the agency ensures that risks are understood and continually assessed;
 - Demonstrating how the agency ensures that the security controls are commensurate with the risk and magnitude of harm;
 - Identifying additional security controls for systems that promote or permit public access, other externally accessible systems, and those that are interconnected with systems over which program officials have little or no control; and
 - Demonstrating how the agency ensures the effective use of security and privacy controls, as well as authentication tools to protect privacy for those systems that promote or permit public access.

- *Privacy*. Your estimates should reflect the Administration's commitment to privacy and should include a description of your privacy practices and steps taken to ensure compliance with privacy laws and all OMB policies related to privacy, by:
 - Reflecting the cost considerations used to calculate any costs associated with protecting privacy;
 - Demonstrating that the costs of security and privacy controls are understood and are explicitly incorporated in the life-cycle planning of the overall system, including the additional costs of employing standards and guidance more stringent than those issued by OMB;
 - Demonstrating how the agency ensures that privacy risks are understood and continually assessed;
 - Demonstrating how the agency ensures the effective use of security and privacy controls, as well as authentication tools, to protect privacy for those systems and promote or permit public access; and
 - Demonstrating how the agency ensures that the handling of personally identifiable information is consistent with relevant Government-wide and agency policies.
- Improper Payments. Your estimates should reflect anticipated reductions in improper payments as reported in the Performance and Accountability Report pursuant to the Improper Payments Information Act of 2002, as amended by the Improper Payments Elimination and Recovery Act of 2010 (IPERA) and the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA).
- *Financial systems*. For a financial modernization project, reflect plans to achieve compliance with OMB Memorandum M-10-26, "Immediate Review of Financial Systems IT Projects," M-13-08 "Improving Financial Systems Through Shared Services," and Appendix D to OMB Circular A-123, "Compliance with the Federal Financial Management Improvement Act of 1996".
- Other contributions. Your estimates should reflect the required contributions to E-Gov line of business and other shared service operations. Contribution information is posted in the E-Gov Funding Tool.

31.9 Construction, leases of capital assets, and acquisition of real property

Agencies are required to submit certain types of leases and other unique, non-routine financing proposals to OMB for review of the scoring impact. See <u>Appendix B</u> for specific requirements.

(a) Construction of Federal facilities

If you are proposing construction of Federal facilities, you must:

- Comply with <u>Executive Order 12088</u> for pollution control standards;
- Include the amounts required to ensure that existing facilities provide safe and healthful workplaces
 for Federal employees consistent with the standards promulgated under section 19 of the
 Occupational Safety and Health Act of 1970, the provisions of Executive Order 12196, and the
 related Safety and Health Provisions for Federal Employees of the Secretary of Labor (29 CFR,
 Chapter XVII, Part 1960);
- Comply with requirements of the Architectural Barriers Act of 1968 to eliminate structural barriers impeding the mobility of individuals with disabilities;

- Have reviewed the GSA inventory of Federal facilities and indicate the reasons you want to acquire new space instead of using existing Federal space, according to the GSA inventory;
- Comply with Executive Orders <u>11988</u> and <u>11990</u> if you are proposing to use sites located in floodplains or wetlands; and
- Comply with Executive Order 13693 and associated implementing instructions to ensure that you are adhering to the Federal sustainable green buildings requirements. Compliance with green building requirements are to be reported annually in the Federal Real Property Profile, which captures information on Federal real property. Agency users can access general information about the Federal Real Property Profile at http://www.gsa.gov/portal/content/104199.
- Comply with <u>Executive Order 13653</u>, "Preparing the United States for the Impact of Climate Change" and be consistent with agency-approved Climate Adaptation Plans.

In addition to the requirements above, if you are requesting funds in support of capital facilities projects, including new construction, full and partial building renovation/modernization, or facility investments that meet the agency's capital threshold, you must provide the following information upon request by your OMB program examiner:

- Documentation supporting compliance with <u>A-11 Capital Programming Guide</u> and <u>section 55</u>, and the agency's Capital Planning and Investment Control (CPIC) process.
- Life Cycle Cost Analysis consistent with <u>Circular A-94</u>.
- Housing Plan indicating at a minimum the FTE to be housed and the types of facility space and associated square footage for each type.
- Environmental/Energy Efficiency Analyses, including current and future consumption estimates for renovation/modernization.
- Any additional documentation requested by the OMB program examiner.
- (b) Construction of federally-owned housing

If you are proposing to construct federally-owned housing, make sure you:

- Do not include estimated funding for construction of housing for civilian employees, except where necessary to maintain continuity and efficiency of service and where private capital cannot be found; and
- Meet the requirements in OMB Circular <u>A-45</u> for service or protection, or lack of available housing.
- (c) Construction in the District of Columbia

You must consult the Commission of Fine Arts regarding plans for the construction of buildings and other structures in the District of Columbia that may affect in any important way the appearance of the city, and other questions involving artistic considerations with which the Federal Government is concerned.

(d) Acquisition of land in the National Capital Area

You must consult with the National Capital Planning Commission in advance regarding proposed developments and projects or commitments for the acquisition of land in the National Capital area, in accordance with 40 U.S.C. 8723(a) (see http://www.ncpc.gov).

(e) Leasing capital assets

If you propose to lease capital assets rather than purchase them, you should check the requirements in OMB <u>Circular A-94</u>. For additional information, see <u>Appendix B</u>.

(f) Real property acquisition

If you plan to acquire real property, you must:

- Include estimates consistent with the policies of Executive Orders <u>13327</u> and <u>13514</u> in your budget submission; and
- Make sure that estimates for acquisition of real property under contract are consistent with obligations reported in object class 32 (see section <u>83.7</u>).

31.10 Hospital costs

If you are developing estimates for hospital costs:

- Use data based on the use of resources allocated by diagnosis-related groups and compare these data with payment rates of other payers using similar groupings;
- Indicate whether or not capital and depreciation costs are contained, and describe the cost allocation method underlying the data; and
- Identify the amount of reimbursement collected from third parties and Federal agencies if you provide hospital care on a reimbursable basis.

If you provide estimates for inpatient care facilities and medical care services, make sure they are consistent with Executive Order 12372.

31.11 Advisory committees and interagency groups

If you have advisory committees and interagency groups:

- Reflect the results of the committee reviews required by <u>Executive Order 12838</u>, which requires agencies to reduce the number and cost of non-statutory advisory committees;
- Use the ceilings established by OMB Circular A-135; and
- Separately identify the costs of advisory committees established by statute that you are proposing for termination.

You are prohibited from financing interagency groups (including boards (except Federal Executive Boards), commissions, councils, committees, and similar groups) by contributions from member agencies' appropriations by a Government-wide general provision unless such financing is specifically authorized by statute. Therefore, you must propose financing for such groups in the budget in one of the following forms:

- Appropriations specifically for the interagency group.
- Specific language authorizing interagency funding.

31.12 Radio spectrum-dependent communications-electronics systems

The value of radio spectrum required for radio spectrum-dependent communications-electronics systems should be considered, in economic analyses of alternative systems/solutions.¹ In some cases, greater investments in systems could enhance Federal spectrum efficiency (e.g., purchase of more expensive radios that use less bandwidth); in other cases, the desired service could be met through other forms of supply (e.g., private wireless services or use of land lines). Therefore, to identify solutions that have the highest net benefits, agencies should consider greater investment to increase spectrum efficiency along with cost minimizing strategies. To this end, section 6411 of the Middle Class Tax Relief and Job Creation Act directed that A–11 be updated with sections (a) and (c). Subsection (b) provides a methodology for determining a baseline to evaluate improvements in spectrum efficiency.

(a) Guidance for Determining Value of Spectrum-Dependent Assets

To ensure the Federal Government demonstrates proper stewardship of the spectrum resource in its procurement decisions, and thus yield improvements in overall Federal spectrum management and use, agencies must include in the development of their budget justifications for procurement of major radio spectrum-dependent communications-electronics systems consideration of the economic value of the spectrum being used.² The extent of economic and budget analysis required will depend upon the nature and value of the systems and spectrum involved, and agencies should work with their OMB contacts to ensure a proper level of analysis is conducted.³

To demonstrate consideration of the value of the relevant spectrum, agencies should indicate whether the system procured was the most spectrum "efficient" solution among those qualified bids (i.e., that met specified mission/operational requirements); if an agency is unable to so indicate, then the agency should indicate the investment difference between the solution chosen and the more spectrum "efficient" qualified solution. To further advance Federal stewardship of the spectrum resource, agencies should also include the following in their budget justifications for procurement of major radio spectrum-dependent communications-electronics systems:

- In a Request for Proposal (RFP)⁴ to procure the system, the requirement that respondents address spectrum "efficiency" factors (e.g., greater adjacent band compatibility, less use of bandwidth, etc.) and assess trade-offs between investment in equipment and spectrum requirements.
- Whether the system will share spectrum with other Federal or non-Federal systems/operations and, if so, the nature and extent of the sharing relationship.
- When proposing a new system, whether using an existing or alternative Federal system to meet the capability requirement is possible, or whether using capabilities of similar Federal users has been considered.

¹ Circular A–11 reflects language recommended by the Commerce Spectrum Management Advisory Committee, pursuant to section 6411 of the Middle Class Tax Relief and Job Creation Act of 2012.

² Agencies should work with their OMB contacts to identify the new and/or existing systems that will use the A–11 methodology to determine the economic value of spectrum use. Agencies should give priority to systems that operate or plan to operate in frequencies below 3 Gigahertz that have been identified by the National Telecommunications and Information Administration for potential repurposing to commercial use and those that have primary status within a particular band.

³ As a starting point, agencies should estimate the economic value of spectrum utilized by a system using the methodology included in subsection (b).

⁴ Any efficiency factors included in RFP respondents' proposal that are selected should also be included as terms of the final contracts.

- When replacing systems, what improvements in spectrum "efficiency" and "effectiveness" exist compared to the prior system.
- Certification of consideration of non-spectrum dependent or commercial alternatives to meet mission/operational requirements.

Spectrum should be considered to have value and be included, to the extent practical, in economic analyses of alternative systems/solutions. In some cases, greater investments in systems could enhance Federal system spectrum efficiency (e.g., purchase of radios that use less bandwidth); in other cases, the desired service can be met with other forms of supply (e.g., private wireless services or use of land lines). In addition to considering cost minimizing strategies, agencies are encouraged to consider whether the investment would provide net benefits.

(b) Methodology for Determining a Baseline to Evaluate Improvements in Efficiency

The purpose of this section is to provide a methodology to evaluate relative spectrum efficiency when considering alternatives for procuring systems, as called for by subsection (a), or when evaluating spectrum usage generally. The methodology does not attempt to measure or judge the overall benefits of a Federal activity that utilizes spectrum-dependent systems to achieve mission functions nor does it attempt to establish a dollar value or auction price. Instead, the method outlined in this section provides agencies a way to evaluate improvements in spectrum efficiency in implementing their required and essential activities. Also, agencies may develop alternative methods for measuring spectrum efficiency and submit them to OMB for approval.

One method for determining spectrum efficiency when assessing procurement of Federal systems is to develop a baseline that measures: 1) the technical characteristics of the frequency used by the system, 2) the population of an area where spectrum is utilized, 3) the size of the spectrum frequency band or bands used, and 4) the percentage of overall spectrum capacity utilized within that band or bands. The following method can be used to determine a score in these terms that agencies may use in their procurement processes and budget documents as required in subsection (a)⁵:

1. Determine a weighting factor to assign to frequency used. Agencies should use Table 1 to assign a weighting factor to the frequency utilized by the system.

Table 1: Example Freq	uency Weighting Factors
Frequency (MHz)	Weighting Factors
0-500	0.05
500-2999	1.00
3000-5999	0.50
6000 and above	0.10

2. Estimate population impacted by Federal use. Agencies should estimate the U.S. population in the service area where the Federal system will be used. Agencies should use U.S. Census Bureau population information by metropolitan statistical area (MSA) or other relevant designation for non-metropolitan areas to develop estimates. Systems that operate partially in the U.S. should only count the U.S. population impacted. For example, a system that only operates in Denver and does not utilize spectrum outside of the Denver MSA, should only use the population information for

⁵ Subsection (a) reflects language recommended by the Commerce Spectrum Management Advisory Committee, which is being included in A–11 pursuant to section 6411 of the Middle Class Tax Relief and Job Creation Act of 2012.

the Denver MSA in estimating population affected. Conversely, agencies should use population information for the entire country, if a system is assigned or utilizes spectrum nationwide.

3. Estimate percentage of the spectrum frequency band used by a Federal system. Agencies should identify the percentage of bandwidth utilized by a Federal system. This percentage should include the total amount of bandwidth needed to operate the system in terms of megahertz divided by the total available spectrum (in megahertz) available for the system, regardless of whether that spectrum is necessary to support transmitting or receiving equipment. If more than one band will be used, the percentage should include the total amount of bandwidth needed in each band, divided by the total available spectrum across all bands used. To the extent possible this calculation should include necessary guard bands.

Estimate percentage of overall spectrum capacity utilized. Within those spectrum bands used by a Federal system, agencies should identify the percentage of overall spectrum capacity utilized. This may be done by estimating the average percentage of time in a day when the Federal system is expected to operate, by estimating the average percentage of the total data capacity within that band the Federal system is expected to use, or both. For each frequency assignment agencies are required to provide estimated time of use based on the guidance provided in Table 2.

Table 2: Guidance on Time of Use		
Frequency of Actual Use	Percentage of Time Used per Day	
Constant or nearly constant	50 to 100	
Regular/Frequent	10 to 50	
Intermittent	1 to 10	
Sporadic/occasional	Less than 1	

Multiply the frequency weighting factor by population, frequency bandwidth, and utilization. To calculate the baseline to evaluate spectrum efficiency improvements, multiply together the preceding four factors. The product provides a baseline that can be used to evaluate the extent of efficiency gains, as discussed in subsection (a). When comparing to systems with the same capability, a higher weighting would be considered less efficient.

(c) Spectrum Certification

You must obtain a certification by the National Telecommunications and Information Administration (NTIA) of the Department of Commerce, or your agency as designated by NTIA, that the radio frequencies required can be made available before you submit estimates for the development or procurement of major radio spectrum-dependent communication-electronics systems (including all systems employing space satellite techniques). The NTIA, which is responsible for assigning spectrum to Federal users, may also review these analyses, during the assignment process.⁶

31.13 Spectrum Relocation Fund

Relocation or modification of systems subject to Commercial Spectrum Enhancement Act. For agencies that are affected by the reallocation of certain frequencies from Federal to commercial use, the Commercial Spectrum Enhancement Act (CSEA, P.L. 108–494, as amended by P.L. 112-96) streamlines the process for funding the relocation or modification of systems and, for certain reallocations after February 2012, for

⁶ NTIA may review the economic analyses of alternative systems/solutions at any point in the NTIA authorization processes.

funding spectrum sharing (as well as relocation). Auction receipts from the sale of eligible frequencies will be deposited into the Spectrum Relocation Fund (SRF), unless otherwise directed by statute, and these funds will be used to facilitate Federal agencies' relocation or sharing.

The Federal Communications Commission (FCC) concluded an auction in January 2015 for licenses in the 1695-1710 MHz and 1755–1780 MHz bands, which are eligible frequency bands under the CSEA, as amended, along with the non-Federal 2155-2180 MHz band (collectively, the AWS-3 bands). Under the amended CSEA, agency reimbursements from the SRF for these bands are proceeding in a similar manner as occurred for previous eligible bands, with two main changes. First, agencies may recover for certain pre-auction costs, including through pre-auction transfers, if identified in the agency's transition plan. Agencies' requests for AWS-3 pre-auction funds were submitted to the Congress in September 2014, and agencies became eligible for transfers from the SRF for pre-auction costs in October 2014. Second, agencies may recover costs for spectrum sharing, in addition to relocating or modifying systems.

Spectrum relocation funds have no-year authority, though agencies are expected to adhere to the timeframes approved by OMB. In accordance with section 120, these funds must be apportioned at least annually prior to obligation, unless specifically exempted. Agencies that receive funds from the SRF will report their expenditures to OMB, concurrent with input into an annual report to the Congress to be submitted by the National Telecommunications and Information Administration (NTIA) of the Department of Commerce. Further guidance will be forthcoming on reporting requirements.

If potential cost over-runs or delays become apparent in any spectrum relocation project, OMB and NTIA should be notified in order to facilitate further review. Under the terms of the CSEA, agencies may receive more than one transfer from the SRF, subject to prior review and approval by OMB, in consultation with NTIA. If the subsequent transfer or transfers exceed 10 percent of the original transfer, OMB will notify Congress and the Government Accountability Office, in accordance with the requirements of the CSEA. If transferred amounts exceed actual relocation costs, excess amounts will be returned to the SRF immediately after NTIA has notified the FCC that the agency's relocation is complete.

As pertains to other frequency bands to which the CSEA applies, the FCC will notify NTIA at least 18 months prior to the auction of eligible frequencies. Upon such notification, CSEA relocation processes will commence consistent with the Act, as with the above implementation.

31.14 Historically Black Colleges and Universities

As required by Executive Order 13532, which establishes the White House Initiative on Historically Black Colleges and Universities (HBCUs), affected agencies and executive departments must produce an annual plan that establishes clear goals for how the agency or department intends to increase the capacity of HBCUs to effectively compete for grants and contracts and to encourage HBCUs to participate in Federal programs.

31.15 Controlled Unclassified Information

Agency estimates should reflect consideration of <u>Executive Order 13556</u>, Controlled Unclassified Information (CUI), and the policies issued by the National Archives and Records Administration (NARA), which was tasked by the President to establish government-wide policies for agencies to implement the CUI program. The CUI program will eventually replace all existing Sensitive-But-Unclassified (SBU) information handling regimes ("For Official Use Only," etc.) across the Executive Branch.

Agency estimates should reflect:

- Development of internal policies to phase-in and transition to the CUI program;
- Development and implementation of training programs to inform affected employees of their responsibilities when handling CUI;
- Assessment and any transition of information systems which handle or are used to process CUI;

- Implementation of physical safeguarding as required for CUI; and
- Development of an internal agency CUI self-inspection program.

31.16 Additional policies and requirements

Develop your budget estimates consistent with the following laws, rules, and policies:

ADDITIONAL REQUIREMENTS

Type of program or expenditure	Policies and requirements
Activities covered by the Coastal Barrier Resources Act	Do not include any new Federal expenditures or financial assistance prohibited by the <u>Coastal Barrier Resources Act</u> (Public Law 97–348).
Foreign currencies	Refer to guidelines in the <u>Treasury Financial Manual</u> (Vol. 1, Part 2, chapter 3200 and Vol. 1, Part 4, chapter 9000) and the <u>Department of Foreign Affairs Manual</u> (Volume 4, chapter 360).
Remedial environmental projects at Federal facilities	Follow the policies in Executive Orders 12088, 13423 and 13514.
Mail	Include sufficient amounts for official use of United States mail, package delivery, and/or private carrier service, including postage due. Assume maximum use of available postage discounts.
Records storage	Include sufficient amounts for the costs of storing and servicing temporary and inactive records.
Space and related requirements	Include payments for space, structures and facilities, land, and building service provided by GSA and others.
Systems acquisitions	Follow the guidance in the <u>Capital Programming</u> <u>Guide</u> . Ensure that electronic and information technology acquisitions meet the requirements of section 508 of the Rehabilitation Act of 1973 and allow individuals with disabilities access to and use of data.
Travel	Minimize official travel. Reflect the allowances authorized under the Federal Travel Regulations issued by GSA or comparable regulations issued by the Department of Defense for travel of military personnel and by the Department of State for foreign service personnel.
Tort claims	Do not include amounts for payment of tort claims unless a substantial volume of claims is presented regularly.
Water and sewer payments to the District of Columbia	Include amounts for payment for water and sewer services.
Construction of nuclear reactors	Obtain a letter from the Department of Energy setting forth its recommendations before submitting estimates.
Contractor claims	Include amounts for reimbursement of the claims and judgment fund for the full amount paid from the fund on behalf of the agency during the past year.

Type of program or expenditure Policies and requirements Subsidies for Medicare Part D eligible individuals for Do not assume that agency prescription drug costs for qualified prescription drug coverage the agency's retirees and/or dependents will be reduced by the Part D program. Federal entities will not receive subsidies for Part D eligible individuals for qualified prescription drug coverage through the Retiree Drug Subsidy (RDS) and Federal entities will not administer—or have a third party administer—a Prescription Drug Plan or Medicare Advantage Prescription Drug Plan for their retirees and/or their dependents. Administration policy is that Federal Government entities should not receive the Medicare Part D drug subsidies because this would result in the Medicare

Trust Fund cross-subsidizing other Federal programs. The primary rationale for creating the Part D RDS was to encourage employers and unions to continue to provide prescription drug coverage to their Medicare eligible retirees and their qualified dependents after the

implementation of the Part D Program. These subsidies are not needed for Federal Government entities because the Federal Government intends to continue providing prescription drug coverage for its

retirees and their qualified dependents.

SECTION 32—PERSONNEL COMPENSATION, BENEFITS, AND RELATED COSTS

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- 32.1 How should I estimate personnel compensation in my budget request?
- 32.2 How do I treat agency benefit payments under the Federal Employees' Compensation Act?
- 32.3 How do I budget for retirement costs?
- 32.4 How do I budget for unemployment compensation?
- 32.5 How do I budget for Uniformed Services health care?
- 32.6 Are there other places in A–11 where I can find related guidance?

Summary of Changes

Updates the percentage used in estimating the budget year pay raise costs (section 32.1).

Updates the FERS retirement guidance (section <u>32.3</u>).

32.1 How should I estimate personnel compensation in my budget request?

Personnel compensation

(a) Pay scales. For the purpose of planning agency budget requests for the 2018 Budget, to be transmitted by the next Administration, agencies should use 1.6 percent as their provisional estimate of the pay raise for January 2018. This provisional estimate is equal to the civilian and military pay raise for January 2017 proposed in the 2017 Budget. However, in making their final estimates for the 2018 Budget, agencies should anticipate revising pay raise amounts after the President makes a pay raise decision. Your OMB representative will provide additional guidance during Budget season.

This assumed pay raise will apply to the statutory pay systems (General Schedule, Foreign Service, and Veterans Health Administration), the Executive Schedule, the Senior Executive Service (SES), and wage grade employees. The pay raises encompass both the national schedule adjustment and locality pay without assumption as to how the total increase will be distributed between the two. Use pay scales that reflect the most recent locality pay rates in preparing your estimates. You should be prepared to provide supporting detail on calculating pay costs, including separate identification of the pre-pay raise wage base reflected in the submission. For compensation costs, you must explicitly justify any increases in average compensation for the budget year, other than those due to changes in pay scales.

- (b) *Hourly rates*. For all employees (as defined in <u>5 U.S.C. 5504(b))</u>, use hourly rates of compensation determined by dividing the annual rate of basic pay by 2,087, in accordance with section 15203(a) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (Public Law 99–272).
- (c) Within-grade increases. Offset the net cost, if any, of within-grade salary increases (i.e., costs after turnover, downgrades, and other grade or step reducing events are taken into account) by savings due to greater productivity and efficiency.
- (d) *Vacancies*. For vacancies expected to be filled in the budget year, use the entrance salary for the vacancies involved.
- (e) Savings in personnel compensation. Give full consideration to savings in personnel compensation due to personnel reductions, delay in filling vacant positions, leave without pay, lag in recruitment for new

positions, filling vacancies at lower rates of pay, part-time employment, and grade reduction actions. Identify terminal leave payments, including those for SES, as offsets against such savings.

- (f) *Positions above grade GS/GM-15*. Reflect these positions, including SES, only to the extent that positions have been authorized in those grades by OPM or other authority, or are specifically authorized in substantive law.
- (g) Awards. Estimates should include amounts for all cash incentive awards. Upon request by OMB, be prepared to provide detailed information on your cash incentive awards program, including a narrative explanation of the basis on which your agency distributes awards and how that relates to its overall performance management program. Instructions for annual reporting of Senior Executive awards and pay adjustments are issued separately, but be prepared to explain budget estimates upon request.
- (h) Executive selection and development programs. Include in your estimates provisions for reasonable amounts for such programs, as required under Title IV of the Civil Service Reform Act of 1978 and by implementing guidelines issued by the Office of Personnel Management.
- (i) *Premium pay and overtime*. Fully justify increases over amounts for the preceding year for premium pay. In preparing estimates for overtime, you should analyze the use of overtime to ensure that it is used in a prudent and efficient manner; explore all reasonable alternatives to overtime (such as improved scheduling); and ensure that adequate approval, monitoring, and audit procedures are in place to avoid overtime abuses.
- (j) Special rates for experts and consultants. Reflect these positions and rates only to the extent that they are authorized per 5 U.S.C. 3109.
- (k) Severance pay. Estimate severance pay at the amount needed for the fiscal year. However, obligations will be incurred on a pay-period by pay-period basis, notwithstanding the fact that a liability arises at the time of an employee's separation. Your estimates must include changes in severance pay and personnel compensation that would occur upon any reduction in force.
- (l) *Physicians comparability allowance*. Reflect in your estimates approved plans to pay physicians comparability allowance under 5 U.S.C. 5948. Instructions for reporting on the physicians comparability allowance program are issued separately.
- (m) *Bonuses and allowances*. Reflect in your estimates approved agency plans for paying recruitment and relocation bonuses and retention allowances. You should be prepared to supply information on planned and actual expenditures upon request by OMB.
- (n) *Retirement costs*. Reflect in your estimates the cost effects of changes in the distribution of employees between the Civil Service Retirement System (CSRS) and the Federal Employees' Retirement System (FERS). Note that FERS contributions have changed as described in section 32.3.

32.2 How do I treat agency benefit payments under the Federal Employees' Compensation Act?

For accounts subject to appropriations action, include in your budget year estimates the amount billed by the Office of Workers' Compensation Programs of the Department of Labor for benefits paid on behalf of employees of your agency in the past year under the Federal Employees' Compensation Act.

For accounts not subject to appropriations action, you must pay the bill in the current year.

32.3 How do I budget for Federal employee retirement costs?

Agency contributions to the large retirement receipt accounts, including those managed by the Departments of Defense, State, Treasury, the Social Security Administration, and the Office of Personnel Management,

should reflect the effects of changes to the agency contribution rates for employee retirement and of civilian and military pay raises using the pay raise assumptions specified for these accounts in the Mid-Session Review.

Contribution rates for CSRS employees remain unchanged.

Agencies may need to adjust estimates when final pay assumptions for the budget are released. This applies to:

- 1. Governmental receipt accounts containing Federal employee contributions to Federal employee retirement:
- 2. Offsetting receipt accounts (employer share, employee retirement) containing employing agency contributions to Federal employee retirement and Federal agency share of Social Security and Medicare payroll taxes; and
- 3. General fund contributions to Federal employee retirement.

New FERS Contribution Rates

Agency FERS contribution rates that became effective beginning FY 2016 can be found in Benefits Administration Letter 15-303 at this link: http://www.opm.gov/retirement-services/publications-forms/benefits-administration-letters/2015/15-303.pdf. Also, see FY 2017 and FY 2018 contribution rates in the tables below.

FERS Employees (other than RAE and FRAE)

	Contributions as a percent of pay			
Retirement Groups	FY 2017 Employing Agency Contribution	FY 2018 Employing Agency Contribution	FY 2018 Employee Contribution	FY 2018 Normal Cost
Regular	13.7%	13.7%	0.8%	14.5%
Law Enforcement	30.1%	30.1%	1.3%	31.4%
Air Traffic Controller	31.8%	31.8%	1.3%	33.1%
Military Reserve Technicians	17.3%	17.3%	0.8%	18.1%
CIA Special Overseas *	19.5%	19.5%	0.8%	20.3%
Members of Congress**	20.8%	20.8%	1.3%	22.1%
Congressional Staff**	19.1%	19.1%	1.3%	20.4%

FERS Revised Annuity Employees (FERS-RAE)

	Contributions as a percent of pay			
Retirement Groups	FY 2017 Employing Agency Contribution	FY 2018 Employing Agency Contribution	FY 2018 Employee Contribution	FY 2018 Normal Cost
Regular - RAE	11.9%	11.9%	3.1%	15.0%
Law Enforcement - RAE	28.4%	28.4%	3.6%	32.0%
Air Traffic Controller - RAE	30.1%	30.1%	3.6%	33.7%
Military Reserve	15.4%	15.4%	3.1%	18.5%
CIA Special Overseas - RAE *	17.8%	17.8%	3.1%	20.9%
Members of Congress - RAE**	11.9%	11.9%	3.1%	15.0%
Congressional Staff- RAE**	11.9%	11.9%	3.1%	15.0%

FERS Further Revised Annuity Employees (FERS-FRAE)

	Contributions as a percent of pay			
Retirement Groups	FY 2017 Employing Agency Contribution	FY 2018 Employing Agency Contribution	FY 2018 Employee Contribution	FY 2018 Normal Cost
Regular - FRAE	11.9%	11.9%	4.4%	15.1%
Law Enforcement - FRAE	28.4%	28.4%	4.9%	32.1%
Air Traffic Controller - FRAE	30.1%	30.1%	4.9%	33.7%
Military Reserve	15.4%	15.4%	4.4%	18.7%
CIA Special Overseas - FRAE *	17.8%	17.8%	4.4%	21.0%
Members of Congress - FRAE**	11.9%	11.9%	4.4%	15.1%
Congressional Staff - FRAE**	11.9%	11.9%	4.4%	15.1%

	United States Postal S	ervice and Postal Regula	atory Commission	
Postal Regular – FRAE	10.7%	10.7%	4.4%	15.1%
Postal Law Enforcement - FRAE	27.2%	27.2%	4.9%	32.1%

^{*} Employees under section 303 of the CIA Act of 1964 for certain employees (when serving abroad).

32.4 How do I budget for unemployment compensation?

In general, you should not budget for the costs of unemployment compensation for former Federal civilian and military personnel. The congressional intent is that such unemployment compensation be paid from appropriations available to the employing agencies. The liable agencies must absorb these reimbursements when they are required to be paid.

If you do not employ large numbers of temporary employees or other personnel expected to lead to significant unemployment compensation claims, your estimates for the current and budget year will not contain any special provisions for the costs of reimbursing the unemployment trust fund for such payments.

If you employ large numbers of temporary employees to meet part-year workload, you may request approval from OMB to budget for unemployment compensation costs for your temporary employees. OMB will consider such requests if you can demonstrate that you have a sound administrative control system for unemployment compensation claims.

32.5 How do I budget for Uniformed Services health care?

- For Uniformed Services post-retirement medical care. Post-retirement medical care for "Medicare-eligible" retirees and their dependents/survivors was funded on an accrual basis beginning in FY 2003. Budget estimates must assume inclusion of all Medicare-eligible retirees and families. Agencies must calculate the following estimates for their budget submission:
 - Accrual contribution to the Department of Defense Medicare-Eligible Retiree Health Care Fund.
 - Estimate of the health care dollars to be expended for all retirees.
- Accrual contribution to the Department of Defense Medicare-Eligible Retiree Health Care Fund. To develop appropriate annual accrual contribution estimates, agencies must use the per-capita rates set by the Department of Defense Medicare-Eligible Retiree Health Care Board of Actuaries. Every summer, the Board sends a letter to the agencies promulgating the annual per-capita rates. Agencies must multiply these rates by the estimated average number of current uniformed service personnel. The resulting calculation is the accrual contribution, which should be budgeted in the agency's personnel account.
- Estimate of the health care dollars to be expended for all retirees. Agencies must estimate expenditures for retiree health care. (Separate estimates must be provided for Medicare-eligible retirees and non-Medicare-eligible retirees). The Medicare-eligible estimates are needed to develop the Trust Fund outlays for uniformed service health care and the non-Medicare eligible estimates to be included in agency budgets. To prevent double counting Medicare-eligibles, each agency must

^{**} For information only.

ensure that their health care account request does not include any amount for Medicare-eligible retiree health care other than the accrual contribution amounts.

32.6 Are there other places in A-11 where I can find related guidance?

Yes. Please see the table below for additional guidance on Federal employment.

Other Federal employment guidance and A-11 links	Section
When do I record obligations for Federal employment?	<u>20.5(b)</u>
How is civilian and military pay coded in my baseline (schedule S)?	<u>81.2</u>
What object class codes are used for employee compensation in the baseline?	<u>83.7</u>
What object classes are used to designate relocation expenses?	<u>83.8</u>
How are FTEs computed?	<u>85.5</u>
How do I complete the employment summary (schedule Q)?	<u>85.6</u>
What employment plans should my agency make prior to a funding hiatus?	124.2
Should my agency furlough employees during a hiatus in appropriations?	124.3

SECTION 51—BASIC JUSTIFICATION MATERIALS

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	Summary of Changes

Summary of Changes

Directs agencies to include any new appropriations language or changes to complex appropriations with a budgetary impact, including general provisions, to OMB in their budget justification materials (section 51.2).

Adds the new title of the circular to reflect the 2016 update of A-123, Enterprise Risk Management and Internal Controls (section 51.3).

Provides guidance on how to address evidence-related issues during a transition in Administration (section 51.9).

Suggests that agencies should also consult the GAO's Federal User Fee: A Design Guide as a reference when setting user fees (section 51.13).

51.1 General requirements

Your initial budget submission to OMB (due in September) should begin with a summary statement from the head of your agency and include:

- The broad policies and strategies proposed and the total amounts of discretionary and mandatory budgetary resources requested;
- The relationship of the policies, strategies, and resources requested to the planning guidance for budgetary resources provided by OMB;

- Significant proposed differences, if any, from current Administration policies;
- A thorough discussion of the evidence, both positive and negative, for major proposed policies. This evidence includes evaluation results, program performance indicators and performance goals, and other relevant data analytics and research studies;
- Any significant proposals for changes in the current year budget and the relationship of such changes to the budget year and outyear requests;
- Any significant proposals or changes in spending patterns for the 5- to 10-year period beyond the budget year and their relationship to outyear planning guidance and the policies proposed for the current and budget year;
- A separate submission that proposes and justifies (if your agency so determines) the need for additional funding for individual programs in excess of the budget year guidance levels to meet the President's priorities. This separate submission should also identify potential discretionary offsets in lower priority programs within your agency's budget; and
- Significant changes in full-time equivalent (FTE) employment. Provide justification for changes in relationship to projected workload, strategic planning initiatives, and reengineering efforts.

Other sections in this Circular that address budget justification materials include sections 25 through 54, and sections 200-290. Budget submissions to OMB should be in the form of a performance plan to the greatest extent possible. Section 240 and 210 provide detailed instruction on developing and submitting a performance plan as required by GPRA Modernization Act.

51.2 Requirements for program justification

You must provide a written justification when you submit your budget. You should determine specific informational requirements and timing of submissions in consultation with your OMB representative.

Where possible, you should include the full cost of a program, and you should align budget accounts and program activity lines with programs or the components of the programs that contribute to a single strategic objective.

Your request should be consistent with the funding levels included in policy guidance. If the request is not consistent with policy guidance, you must provide a summary of what your budget request would be at the policy guidance levels and the reasons why a budget request consistent with the guidance is not appropriate. In addition, you may be asked by your OMB representative to identify and discuss the implications of other funding levels.

Prepare your justification in concise, specific terms and cover all programs and activities of your agency. Use tables, charts, and graphs in lieu of or to supplement text. Prepare materials in a manner designed to provide all of the information that you and OMB have agreed is necessary for OMB to understand and evaluate your agency's request and make its determinations.

Where programs are jointly administrated by or impact multiple agencies, information on shared program budgets should be coordinated through OMB.

Your request should include any new appropriations language provisions or changes to complex appropriations language, including general provisions. Any change to appropriations language with a budgetary impact, including changes to general provisions, requires OMB approval. See section <u>95</u> for additional information on appropriations language.

At the discretion of OMB, you should include the following information for legislative proposals:

- Your estimates of the costs of implementing or administering proposed legislation.
- The assumptions underlying your estimates, including new work years, program outputs, and costs of inputs such as materials, contract costs or personnel costs. You should also include a discussion of alternative implementation strategies considered (e.g., contracting out versus in-house), and a discussion of any models used to develop your estimates.
- The budget classification (mandatory or discretionary) of the costs of implementing and administering the legislative proposal along with a written justification for your selection.
- Productivity savings and/or offsets for these costs. You should also provide a discussion of the methods and assumptions underlying your estimates for productivity savings and offsets.

You should also include the following:

- A comparison of total program benefits and total program costs, using quantitative, objective data to the maximum extent possible, as well as qualitative or judgmental material.
- A comparison of the marginal benefits and the marginal costs associated with the additional funds or reduced funding proposed.
- Supporting information that takes into consideration agency and outside (e.g., think tanks, GAO, CBO, universities, interest groups) program evaluations and related analytic studies, whether or not they agree with the proposed policy.

At the discretion of your OMB representative, these requirements may be modified or alternative justification materials specified. It should be emphasized that late decisions on proposed law provisions for the budget will require flexibility in this process. Other materials may be requested by your OMB representative.

51.3 Analysis of resources

Use a tabular presentation to identify the financial and personnel resources required at the program levels under consideration.

For all Information Technology (IT) budgetary resources and for all major IT investments, include also a breakout of resources (financial, and if available, personnel) within each program level. The tabular presentation should include in its title the phrase "IT Table" and identify, by each major IT investment, the IT investment title, its unique investment identifier (UII), all principal supported program names, and the IT investment's budget authority level (PY, CY, and BY). The table should reflect the resources associated with the actual program dollars going to this IT investment. All justifications should clearly show in text and tables the IT investment request within each bureau, account, and program activity level.

Your justification materials should include a section beginning with the words "IT Resource Statements" that provides the following: a statement from the CIO affirming that the CIO has reviewed and approved the major IT investments portion of your budget request; a statement from the CFO and CIO affirming that the CIO had a significant role in reviewing planned IT support for major program objectives and significant increases and decreases in IT resources; and a statement from the CIO and CFO that the IT Portfolio (section 55.6) includes appropriate estimates of all IT resources included in the budget request. If for any reason any of the above is not accurate, briefly describe the nature of the inaccuracy. The above statements and discussion must also be included in your agency's annual assurance statement described in OMB Circular

No. <u>A-123</u> Management's Responsibility for Enterprise Risk Management and Internal Control. Additional details on ERM requirements are also included in section <u>270</u>.

To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic objectives. This should relate program objectives (see section 240) and budget accounts or sub-accounts.

In addition, you should include the full cost of a program where possible. In some cases, you may want to consider requesting budgetary resources to cover all indirect costs in the budget account or program activity that funds the program, and paying for all central services as they are used. In other cases, you may want to request appropriations for some central accounts providing support services; in these cases, you should include a table showing the full cost of resources used by each program, whether paid from its budget account or not.

Present resources required for PY and CY, as well as the estimated requirements for each funding option for BY through BY+9, where applicable. If CY cancellations or supplementals are pending or proposed, identify these separately. A subsidiary breakdown of such items as personnel compensation, capital outlay, or other categories of special concern would be useful.

Generally, present financial data in terms of new budget authority and outlays. However, your OMB representative may require additional measures, such as unobligated balances and offsetting collections.

Describe budgetary resources requests in the context of your management plan for the programs and activities. Describe resources requested for IT investments in the context of your program requirements. For IT expenditures proposed, demonstrate that all opportunities for coordination with Administration goals and eliminating redundant activities have been explored. Explain the analysis used to determine the resources needed to accomplish program and Administration goals, and demonstrate that all opportunities for making more efficient and effective use of resources have been explored.

51.4 Relationship of justification to account structure

To the extent possible, you should attempt to align your budget accounts with programs, distinguishing among components that contribute to different strategic objectives. Where the major programs in your justification materials do not coincide with the budget account structure, prepare a table to show the relationship. Arrange this table by program, with all relevant accounts and parts of accounts listed, showing budgetary resources (usually budget authority) in millions of dollars and FTE. Include breakouts of financial resources within each account activity line for total IT expenditures. Report programs that are mainly grants, contracts or other transfers of funds to entities other than your agency, related salaries and expense accounts and parts of accounts, including allocations of overhead amounts. Where it is helpful to explain the coverage of the table or the relationship among accounts, prepare a short narrative to accompany the table. This requirement only applies to major programs and activities. You should consult your OMB representative to ensure that you provide tables for appropriate activities and that you avoid unnecessary paperwork.

51.5 Agency restructuring or work process redesign

You should identify restructuring or process reengineering activities resulting from proposed and current investments in IT and other areas that yield budgetary savings. Indicate how these activities allow your agency to utilize existing resources better while improving program management and service delivery.

51.6 Information on grant programs and infrastructure investment

Include copies of systematic economic analyses of expected benefits and costs completed in accordance with <u>Executive Order 12893</u>.

51.7 Performance goals, measures, and indicators

Agency budget submissions for the FY 2018 Budget may be structured as the performance plan required by the GPRA Modernization Act of 2010 (see also 31 U.S.C. § 1115). Therefore, you need not submit a separate performance plan to comply with the Act. Your budget submission should cover all of your agency's programs and should address all statutory requirements of the "annual performance plan" required by the GPRA Modernization Act. Sections 240 and 210 contain detailed information on performance plan requirements. Additional details on applicable public posting and notification requirements are also included in section 22.

51.8 Other analytical information

Additional information may be required in budget justifications on the following:

- Workload analyses;
- Unit costs:
- Productivity trends;
- Enterprise Risk Management Profiles; and
- Impact of capital investment proposals on productivity.

Use productivity measurement, unit costs, enterprise risk management, and organizational performance standards to the maximum extent possible in justifying staffing and other requirements.

Include as a specific element in productivity improvement for activities of Federal staff the gains planned or being realized from streamlining, including reduction of unnecessary overhead, creative use of technology, and elimination of low priority tasks and programs.

You should also be prepared to provide information on the basis for distributing funds (e.g., formulas or principles for allocation, matching, policies regarding the awarding of loans, grants, or contracts, etc.) and data on resulting geographic distribution (e.g., by State, etc.), with identification of any issues.

51.9 Evidence and evaluation

We appreciate agencies' participation in the wide range of ongoing efforts to strengthen the use of data and evidence to drive better decision-making and achieve greater impact. Consistent with the baseline budget guidance, agencies should submit an abbreviated Evidence Template in FY 2018. The updated template is designed to gather information about agencies current efforts to build and use evidence, their current barriers to making further progress, and (at the agencies' discretion) identify near-term program reauthorizations which may include an evidence-building or use component. Agencies should submit completed Evidence Templates as a part of their budget submissions. This template is designed to:

- Provide an opportunity for agencies to identify near-term program reauthorizations in which there may be opportunities to embed evidence building or use in programs; and
- Provide an opportunity for agencies to identify near-term program reauthorizations in which there may be opportunities to embed evidence building or use in programs; and
- Provide an update on the agency's progress in increasing access to high-value administrative data assets (as identified by the agency) for use by statistical components and/or for statistical purposes, or to increase the utility of already-accessible data assets progress (implementation update for OMB Memorandum M-14-06, "Guidance for Providing and Using Administrative Data for Statistical Purposes"). Agencies should anticipate that these updates could be shared with the Commission for Evidence-Based Policymaking.

51.10 Explanations relating to supplemental appropriations requests

If you request a supplemental, explain why the request was not included in the regular estimates for the period concerned and the reasons why it is considered essential that the additional appropriation be granted during the year. Submit proposals for offsets to be made elsewhere in your agency for both mandatory and discretionary resources and indicate related FTE savings or requirements and appropriate financing changes. Show the effect of requested supplementals in the appropriate portions of the justification material for the program elements affected.

51.11 Taxes and tax expenditures

Reflect full and explicit consideration of the resources made available by the Federal Government through tax expenditures and other tax incentives. Tax expenditures are attributable to provisions of the Federal income tax laws that allow a special exclusion, exemption, or deduction from gross income or that provide a special credit, rate of tax, or deferral of tax (2 U.S.C. § 622). Tax expenditures include subsidies provided through the income tax system.

You must consult with the Office of Tax Analysis, Department of the Treasury on all proposals for new taxes or modifications of existing taxes whether or not the modification results in a tax expenditure. After consulting with the Office of Tax Analysis submit a justification of the proposal to OMB. The justification should include the views of the Office of Tax Analysis and address the following items:

- The nature and extent of the problem addressed by the proposal.
- The reason a subsidy is needed.
- The non-tax alternatives.
- The reason a tax change is preferable to the non-tax alternatives.

In addition, you should be prepared to submit justifications for continuing or reenacting existing taxes and tax expenditures in the program areas for which you have primary responsibility. Such justifications will contain the information described above.

In general, tax expenditures are subject to the same degree of performance reviews as spending and regulatory programs. Tax expenditures often complement or substitute for agencies' spending or regulatory programs that contribute to strategic objectives, and the resources and incentives provided through tax expenditures can be substantial. Work with the Office of Tax Analysis, which has lead responsibility for tax policy and analysis of tax expenditures, to develop data and methods to evaluate the effects of tax expenditures that affect (or are directed at the same goals as) your programs. You should be prepared to furnish, upon request, problem analyses, estimates of economic effects, and other materials that will provide explicit quantitative information on the relationship of existing or proposed tax expenditures to proposed budget expenditures.

51.12 Major changes in receipts estimates

Provide narrative explanations for major changes from one fiscal year to the next in the amounts of receipts reported for any account, trends in receipt estimates for the related programs, and any other unusual circumstances relating to the estimates.

Advise OMB of increases in amounts reported to the Treasury Department accounts 1435.00 (General fund proprietary interest receipts, not otherwise classified) and 3220.00 (All other general fund proprietary receipts) when you expect that the amounts collected from a single source will exceed \$10 million in any year or when legislation is proposed that will affect any receipts reported to those accounts.

Make your explanations of legislative proposals consistent with your legislative program and outyear policy estimates. Cover the expected timing of enactment and the annual level of receipts anticipated.

51.13 User Charges

If you propose new user charges that require authorizing legislation, provide a clear explanation of the new user charge and the legislation that will be required to authorize it. Include a detailed discussion of plans for achieving enactment of the legislation and the administrative actions planned for collecting the charges if the legislation is enacted. Assess the proposal's chances of enactment and explain why the President should propose it in the Budget, taking into account the likely reaction to the proposal by the Congress and the users. Describe the basis for your assessment in detail.

Refer to OMB Circular <u>A-25</u> for additional information and requirements regarding user charges. You may also find <u>GAO's Federal User Fees:</u> A <u>Design Guide</u> useful.

51.14 Unobligated balances in liquidating accounts

You must submit information justifying any unobligated balances you expect to carry forward into the current year (see section 185.3(1)).

51.15 Direct loan and loan guarantee programs

Proposed changes to technical assumptions must be included with justification materials for all credit programs unless another date is agreed upon by OMB. Required materials include any proposed changes to technical assumptions, methodology, or source data underlying the credit subsidy cost estimate cash flows, and justification for such changes. Consult with your OMB representative and refer to OMB Circular A-129 regarding other requirements for direct loan and loan guarantee programs, including policy proposals for new or existing programs (see section 185).

51.16 Information on funding for Inspectors General

If your agency is covered by the Inspector General Act of 1978, as amended (<u>5 U.S.C. App.</u>), your justification materials must include the following information required by section 6(f) of the Act:

- 1. Information submitted by the Inspector General to the head of the agency under section 6(f)(1) of the Act:
 - The budget estimate and request of the Inspector General to the head of the agency;
 - The portion of the budget amount requested by the Inspector General for training, including a certification that the amount requested satisfies all training requirements for that fiscal year; and
 - The portion of the budget amount sought by the Inspector General as necessary to support the Council of the Inspectors General on Integrity and Efficiency.
- 2. Information required to be submitted by the head of the agency under section 6(f)(2) of the Act:
 - An aggregate request by the head of the agency for the Office of Inspector General (OIG);
 - Amounts requested by the head of the agency for OIG training;
 - Amounts requested by the head of the agency for support of the Council of the Inspectors General on Integrity and Efficiency; and
 - Any comments of the affected Inspector General with respect to the overall Inspector General request by the head of the agency.

Prior to the submission of the President's Budget to the Congress, all of the above categories of predecisional deliberative information are subject to the confidentiality provisions of section <u>22</u>.

The Act requires some of the above categories of information to be included in the President's Budget submitted to the Congress. All of the other categories of information listed above continue to remain subject to the confidentiality provisions of section 22 even after submission to the Congress of the President's Budget.

51.17 Information on agency's tribal consultation process

Your agency's initial budget submission to OMB must include a description of the tribal consultation process that the agency conducted related to budget development, and the input that was received. If the agency has no programs with tribal implications, the section should indicate that no consultation is required. Please confer with your agency lead on tribal consultation in developing an appropriate and effective approach to consultation, in light of your agency's programs. This requirement is based on Executive Order 13175 (November 2000) and President Obama's Memorandum of November 5, 2009, directing agencies to develop plans to implement the Executive Order.

51.18 Radio spectrum-dependent communications-electronics systems

Agencies must provide a narrative that: 1) states whether the system will share spectrum with other Federal or non-Federal existing systems/operations and, if so, the nature and extent of the sharing relationship; 2) states whether sharing of an existing Federal system to meet the capability requirement is possible, or whether sharing capabilities of similar Federal users has been considered; 3) describes, compares, and evaluates the spectrum efficiency and effectiveness for various alternatives considered utilizing the methodology described in section 31.12, or another methodology developed by the agency and approved by OMB; and 4) certifies consideration of non-spectrum dependent or commercial alternatives to meet mission/operational requirements.

51.19 Budgeting for the acquisition of capital assets

(a) Overview

The Government should have a high level of assurance that the funds dedicated to capital acquisitions support the agency mission and provide value to the taxpayer. In addition, agencies should be able to justify the acquisition and operation of an asset. The generation of a sound business case is a best practice for providing that justification and assurance. A business case should include the rationale for the investment and reference any supporting analysis.

The <u>Capital Programming Guide</u> provides guidance on the principles and techniques for effective capital programming. Additionally, budget terms and definitions are included in <u>Appendix J</u>, "Principles of Budgeting for Capital Asset Acquisitions." Other references related to capital assets are included in <u>Appendix K</u>, "Selected OMB Guidance and Other References Regarding Capital Assets."

The policy, budget justification, and reporting requirements for capital assets apply to all agencies of the Executive Branch of the Government subject to Executive Branch review. Agency business cases are due at the same time as your agency's annual budget submission (see Table 1 in section 25).

(b) Information Technology (IT)

Required data for all IT investments is provided by agencies reporting through the IT Dashboard addressing both overall IT investment spending (the agency's IT portfolio), and the information required for major IT investments, as described at:

http://www.whitehouse.gov/sites/default/files/omb/assets/egov_docs/fy18_it_budget_guidance.pdf

Agencies not reporting data to the IT Dashboard are also accountable for adhering to the guidance provided to all agencies on how to conduct IT capital planning internally, as addressed in the above guidance, and also in Circular A-130, and the Capital Programming Guide. Budget process guidance is communicated to such agencies individually, regarding the data to be submitted as part of their agency budget submissions in the fall, based on the requirements of OMB RMO with agency oversight responsibility, and other considerations.

(c) Non-Information Technology (Non-IT)

In general, business cases are required for the acquisition and operation of non-IT capital assets. The definition of capital asset can be found in Appendix 1 of the <u>Capital Programming Guide</u>. Links to the template and instructions for the business case are provided in section <u>25</u>, Table 1. The instructions include submission requirements, deadlines, and exemptions.

(i) Aircraft

An aircraft is a type of non-IT capital asset. A business case template tailored to the needs of the aircraft community is available. Links to the template and instructions are provided in section <u>25</u>, Table 1. The instructions include submission requirements, deadlines, and exemptions.

(ii) Facilities

Facilities are a type of non-IT capital asset. When justifying a major investment in a facility, including new construction, full and partial building or modernization, or facility investments that meet the agency's capital threshold, you should be prepared to provide the materials identified in section 31.9(a) if requested by your OMB representative.

51.20 Requests for increases to reception and representation allowances

If your agency's request for reception and representation (R&R) expenses exceeds the FY 2017 budget level or the current enacted level, the information below must be included in the initial budget submission:

- The proposed increase in the R&R account;
- The account title, account number, and draft of appropriations language for the account; and
- A brief rationale for why the FY 2018 budget should propose this increase.

SECTION 54—RENTAL PAYMENTS FOR SPACE AND LAND

	Table of Contents
54.1	Do I need to report on rental payments?
54.2	What materials must I provide?
54.3	What terms do I need to know?
54.4	How do I prepare the space budget justification?
54.5	What supporting information must I provide?
54.6	What is new for this fiscal year?
	·
Ex-54	Space Budget Justification

54.1 Do I need to report on rental payments?

If your agency obligates more than \$5 million annually for rental payments to the General Services Administration (GSA) or to others (e.g., other Federal agencies or commercial landlords) for rental of space, structures and facilities, and land and building services, you must submit a space budget justification in the format of exhibit 54 at the same time as your agency's annual budget submission (see section 54.2 for the e-mail address for the submission, which must be coordinated with all relevant agency officials). OMB uses this information to evaluate your budget request for rent in the context of personnel and program changes (e.g., downsizing). GSA uses this information to refine its estimates of rental costs. You should use this information to analyze your space requirements and rental costs.

For reporting purposes, *include* amounts for the services covered by the basic rental charge assessed by GSA as obligations for rental payments to GSA, but *exclude* amounts above standard services, such as overtime utility services. From GSA's monthly bill, use line D, "Total Annual Rental" plus, in some cases, line 14a "Billing Adjustments and Corrections, Current Year" to compare to the amount on the line "GSA rent estimate" of exhibit <u>54</u>. These amounts are already *net* of obligations for the cost of operations in buildings where GSA has delegated authority for building operations. The cost of building operations in buildings whose operational authority is delegated should be budgeted in the appropriate object classes, such as 25.4, operations and maintenance of facilities. These costs should appear on exhibit <u>54</u>.

Make your obligations for rental payments to GSA (Part 1 of exhibit <u>54</u>) and your obligations for other space services paid to non-GSA entities (Part 2) consistent with data reported as rental payments under the appropriate object classes (see section <u>54.4</u>).

54.2 What materials must I provide?

You must submit an overall summary report in the format of exhibit <u>54</u> for the agency as a whole. This report provides a justification of your agency's budget request for rent. In addition, you must submit a separate report for each bureau or subordinate organization that makes rental payments. Submit a single agency-wide summary report if these costs are paid for centrally from one account.

You must complete exhibit 54 using an electronic Excel spreadsheet available from <u>GSA</u>. The spreadsheet format includes inflation factors to calculate outyear estimates automatically and it generates total obligations for rental costs and funding sources.

The report contains information for PY through BY+1 on:

- Rental payments to GSA, which reconciles the GSA rent estimate with actual, planned, and requested changes in inventory.
- Funding sources for these rental payments to GSA.
- Rental payments to others, both non-Federal and Federal sources.
- Supporting detail on all changes from the GSA rent bill or GSA estimates of rental costs (see section 54.5).

Your submission must support your budget year request and list all applicable appropriations and/or other funding sources by account.

Report space requirements to the nearest square foot; state obligations in thousands of dollars and round to the nearest thousand. Where an amount falls exactly halfway in between, round to the nearest even figure (for example, both \$11,500 and \$12,500 round to \$12). Do not identify amounts of \$500 or less.

In addition to the materials provided with your budget submission, submit electronic versions of these materials both to GSA and OMB by sending e-mails to the following addresses:

OMBExhibit54@gsa.gov and exhibit54@omb.eop.gov

Exhibit 54 is due with the budget submission. Before sending the completed spreadsheet, verify that the subject line has the three-digit CGAC agency code (see <u>Appendix C</u>) and the full agency name.

54.3 What terms do I need to know?

Agency means departments and establishments of the Government, and bureau means the principal subordinate organizational units of an agency.

GSA bureau code means the agency/bureau code(s) recorded on the GSA rent bills or GSA budget estimates for each bureau making rental payments. (This number is *not* the same as the 2–digit OMB bureau code described in section 79.2 and Appendix C.)

GSA rent estimate means a document developed by GSA and sent to customer agencies once a year. This document provides budget year data on estimated assigned space and the associated costs of that space. It is used by GSA's customers for planning and budgeting purposes. You should use this year's GSA budget estimate (available this summer) to report the GSA rent estimate for the CY and BY.

OMB-approved inflation factor means the inflation factor used in the GSA budget estimate. Mid-Session Review inflation factors will be used for CY through BY+1. The electronic spreadsheet format provided to you will use these factors to automatically inflate certain outyear estimates.

Chargeback (or adjustments to the bill) means the process by which GSA's customers contest a GSA billing. If you claim a chargeback, you are required to complete a Standard Form 2972 if you are an IPAC Agency and a form 2992 if you are a non-IPAC Agency and provide supporting chargeback data justifying your claim.

Total Workplace FIT (Furniture, Information Technology) Program Budget Request will be included on the exhibit 54, if you intend to classify those charges as object class 23.1, rental payments to GSA.

The FIT estimate should be entered on the SUM worksheet in row 33 for the BY "Budget Year" (column N) and BY+1 (column Q). More information can be found on the GSA web site http://www.gsa.gov/exhibit_54 by downloading the PDF file "Total Workplace FIT (Furniture and IT) Booklet–GSA".

54.4 How do I prepare the space budget justification?

The following table explains the information needed to prepare the space budget justification (see exhibit 54). Exhibit 54 illustrates the summary page of the submission. There are five worksheets that contain the detail for the chargebacks, planned changes to inventory and the requested program changes. One worksheet is for the chargebacks, and there is one for each year in which to detail planned changes to inventory and the requested program changes (i.e., PY, CY, BY and BY+1). The summary justification consists of two parts:

- Rental payments to GSA (Part 1). (With the exception of the lines "Other adjustments," "Statutorily-imposed rent caps," and "Funding sources for Rental Payments to GSA," data in this part is derived by formula from five back-up worksheets); and
- Rental payments to others (Part 2).

Subtotals, totals, and certain other entries indicated in **boldface** will be automatically calculated (see exhibit 54).

INFORMATION REQUIRED FOR THE SPACE BUDGET JUSTIFICATION

Entry	Description	
	Report in dollars and to the nearest square foot on the individual worksheets. The totals will be automatically calculated for the summary page, with obligations rounded to the nearest thousand. Report net estimates of rental costs and square feet (i.e., net of any	
	adjustments within the relevant category being reported).	
PART 1-A: RENTAL PAYMENTS TO GSA	In Part 1, include information on rental payments to GSA only. Report data on rental payments to others in Part 2.	
Sections II, III, AND IV For PY, CY, BY, and BY+1 worksheets	Refer to the Exhibit 54 instructions provided by GSA for specific guidance in completing the supporting worksheets of the Exhibit 54 Excel Workbook. In addition to the instructional guide, GSA will provide the CY and BY Base Rent Estimate files and corresponding files containing anticipated Inventory Changes for those budget years.	
	The GSA Exhibit 54 instructions can be found at: http://www.gsa.gov/exhibit54	
Space budget justification—the summary worksheet		
Other adjustments	Use this space to enter any other adjustments that are not included in the individual worksheets. Include an explanation of these items.	
Statutorily-imposed rent caps	Report only on those rental payments to GSA that you consider constrained for legal reasons. Include as a footnote the legal reference (i.e., public law citation).	
	Supporting detail must be provided, as described in section <u>54.5</u> .	
Total, net rental payments to GSA	The Space Budget Justification worksheet will automatically generate these totals.	

Entry	Description	
PART 1-B: FUNDING SOURCES FOR RENTAL PAYMENTS TO GSA		
Funded by direct appropriations	List each direct appropriation that funds rental payments to GSA, by account title and identification (ID) code. Use a 9-digit ID code, which includes the OMB agency/bureau code followed by the 4-digit basic account symbol assigned by Treasury (xxx-xxxxxx) (see section 79.2).	
	For PY–BY+1, include the amount of obligations for rental payments to GSA that are funded from annual appropriations and permanent appropriations to general, special, and trust funds.	
Account title and ID code	If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.	
Subtotal, direct appropriations	Report the sum of amounts of direct appropriations for a year for accounts listed. If more than three accounts are listed, change the spreadsheet formula to calculate the amount funded by direct appropriations.	
Funded by other sources:	List all other sources of funding for rental payments to GSA (i.e., other than direct appropriations) by account title and ID code (described above).	
Account title and ID code	Include additional information on the line stub to identify the source of funding, as necessary.	
	For PY-BY+1, include the amount of obligations for rental payments to GSA that are funded from reimbursements, other offsetting collections, and allocations.	
	If there are more than three accounts listed, change the electronic spreadsheet to add rows, as needed.	
Subtotal, other funding sources	Report the sum of amounts for other funding sources for a year for accounts listed. If more than three accounts are listed, change the spreadsheet formula to calculate the amount funded by other sources.	
Total, net rental payments to GSA (object class 23.1)	Report the sum of amounts paid to GSA for all funding sources (direct appropriations plus other funding sources) for a year for accounts listed. Report amounts that are consistent with obligations classified as "Rental payments to GSA" (object class 23.1). Make the totals for each year equal to the corresponding "Total, net rental payments to GSA" reported above (see exhibit 54). This includes payments for furniture and information technology equipment made to GSA under the FIT program.	
PART 2. RENTAL PAYMENTS TO OTHERS	In Part 2, report information on rental payments to Federal agencies other than GSA and to entities outside the Federal Government. Exclude data on rental payments to GSA, which are reported in Part 1.	
Non-Federal sources (object class 23.2)	Include obligations for possession and use of space, land, and structures leased from non-Federal sources (i.e., commercial landlords).	
	Report amounts consistent with obligations classified as "Rental payments to others" (object class 23.2).	
Federal sources other than GSA (object class 25.3)	Include obligations for payments to Federal agencies other than GSA for space, land, and structures that are subleased or occupied by permits, regardless of whether the space is owned or leased.	
	Note: Typically, with the approval of the Administrator of GSA, you may sublease your GSA-assigned space to another agency or bureau. In such cases, if you are the agency assigned the space by GSA, report rental payments for this space in Part 1 as "Rental payments to GSA." If you are the agency or bureau subleasing space from another agency or bureau,	

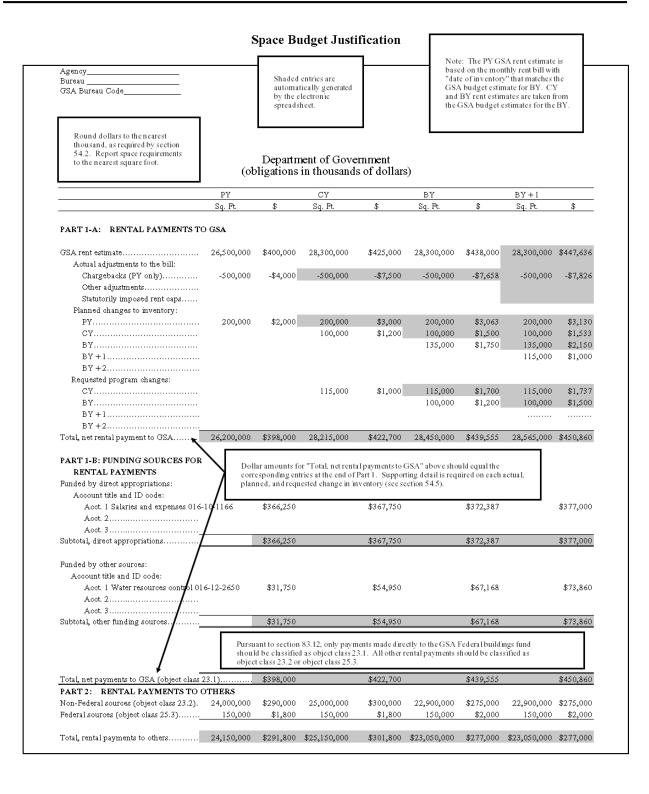
Entry	Description	
	report payments for the sublease in Part 2 as "Federal sources other than GSA."	
	Report amounts consistent with obligations for rental payments to Federal sources reported as "Purchases of goods and services from Government accounts" (object class 25.3).	
Total, rental payments to others	Report the sum of amounts as rental payments to non-Federal sources and to Federal sources other than GSA. Make the totals consistent with rental obligations classified in object classes 23.2 and 25.3.	

54.5 What supporting information must I provide?

Complete and submit all six worksheets of exhibit <u>54</u> that support the Space Budget Justification summary page. For each change, include the GSA bureau code; the GSA building number (if known); city and State; type of action; effective date; square feet; and rent, on the appropriate worksheet. For any program changes requested, provide supporting information that identifies the program initiatives related to the requested changes. In addition, provide a list that identifies major acquisitions, renovations, or consolidations required to implement agency planned space changes, as well as the timing, amount of work space, and cost of each action.

54.6 What is new for this fiscal year?

There are no revisions for this fiscal year.



SECTION 55—INFORMATION TECHNOLOGY INVESTMENTS

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- 55.1 Overview
- Why must I report on information technology investments?
- 55.3 What specific guidance applies to FY 2018, and when is the information required?
- How should agencies align IT investments with their strategic plans?
- Do these requirements apply to me?
- What do I need to know about the Agency IT Portfolio Summary?
- 55.7 What do I need to know about Major Business Cases?

Summary of Changes

Incorporates policy and requirements from the IT Budget – Capital Planning Guidance to distinguish from the remaining technical guidance.

Updates the IT Portfolio Summary Structure.

Requires a Budget Account Summary as part of the IT Portfolio Summary.

Introduces two standard commodity IT investments into Part 3.

55.1 Overview

Agencies must submit information on their respective information technology (IT) investment portfolios, using the required formats, as applicable, as stated in the <u>FY 2018 IT Budget – Capital Planning Guidance</u>. This section provides general guidance related to reporting on IT and the templates used to collect that information. Section <u>25.5</u> provides electronic links to the definitions and specific reporting instructions and exhibits related to budgeting for investments in IT.

Strengthening IT Portfolio Management is a continued focus and commitment to assess the effectiveness of current IT management practices and to address opportunities to improve management of IT resources. Authoritative data is key to providing the ability of IT and business leaders to have data-driven discussions about cost and value of IT to best support business goals. As a Government, we will be exploring the adoption of standardized methodologies for IT costing, geared effectively and consistently (using a data-driven agreed upon framework), communicating the cost of IT, and also attributing that cost to business services.

Updates to this section lay a path for additional changes planned:

 New standard commodity IT Infrastructure and IT Management investments. This year, two standard investments are being introduced: IT Security & Compliance (major) and IT Management (non-major). The intent is to identify additional standard investments, against which all agencies will report, to enable Government-wide comparisons and improved benchmarking metrics.

55.2 Why must I report on information technology investments?

As part of the budget process, OMB is required to develop and oversee a process for IT budgeting and portfolio management, with a detailed focus on all major capital investments, to include "analyzing, tracking, and evaluating the risks, including information security risks, and results of all major capital investments made by an executive agency for information systems". 40 U.S.C. § 11302. OMB also is responsible for IT Portfolio oversight (44 U.S.C. § 3602), i.e. the use of information technologies to

enhance access of information and delivery of services; and to increase the effectiveness, efficiency, service quality, or transformation of government operations.

Agencies must provide required data on total IT funding using the formats specified in the <u>FY 2018 IT Budget – Capital Planning Guidance</u>. IT funding information should be consistent with the overall agency budget submission (see section <u>51.19</u>), and your agency's enterprise architecture (EA), Agency IT Portfolio Summary components, and Major IT Business Case submissions.

IT investment costs must include funding from all Federal budgetary resources (e.g., direct appropriation, collections, transfers, and unobligated balances).

55.3 What specific guidance applies to FY 2017, and when is the information required?

Submissions should be consistent with OMB Fiscal Year 2018 Budget Guidance. The IT Portfolio Summary is required to be submitted to OMB the same day in September, or within one week, of your Agency's current services baseline budget submission. Timing details on the Major Business Cases are outlined in the FY 2018 IT Budget – Capital Planning Guidance.

Additional updates to the Agency IT Portfolio Summary and Agency Major IT Business Cases may be applicable after final budget release in order to reflect changes in funding levels due to enactment of appropriations. Specific instructions and deadlines for submitting updates, corrections, and final submissions of exhibits will be available on the OMB MAX Federal Community.

Consistent with the Federal Information Technology Acquisition Reform Act of 2014 (Pub. L. No. 113–291) and related OMB guidance, Chief Information Officers (CIOs), Chief Financial Officers (CFOs), and budget officers must coordinate to ensure that IT budget data is consistent with the agency's budget submission, and must complete "IT Resources Statements" described in section 51.3.

Per OMB memo M-16-10, Requirements for the FY 2018 Budget Process, agencies are required to work with their respective OMB representatives to identify information needed to develop program level current services estimates. Such information might include the identification of recurring and non-recurring costs in FYs 2017 and 2018, FTE levels, and personnel costs assuming current services, and estimates of program utilization for FY 2018. Agencies should also work with their OMB representatives to identify key programmatic and budget issues that may require attention from the incoming administration. For IT budget submission, agencies may submit fluctuations within IT investments and the IT portfolio between FY 2017 and FY 2018, as long as these fluctuations are coordinated and consistent with the agency's overall current services baseline. Within the budget process, agencies also must:

- ensure security of Federal information systems and data, while developing a continuous refresh and modernization process to secure information systems by design;
- account for regular software and product lifecycle refreshment;
- leverage best practices and lessons learned from other organizations to increase agility and flexibility in technology programs.

OMB's IT Category Management (ITCM) policies, M-16-02, Category Management Policy 15-1: Improving Acquisition and Management of Common Information Technology: Laptops and Desktops, and M-16-12 Category Management 16-1: Improving the Acquisition and Management of Common Information Technology: Software Licensing provide explicit guidance and targets for agencies that will impact how they formulate and execute their IT budgets. As described in these policies, , agencies are required to follow ITCM policies and to ensure that the budgets incorporate the financial benefits as published by OMB. Agency IT budget submissions will be reviewed to ensure they are implementing these policies. Future guidance will include additional ITCM objectives.

The annual <u>E-Gov MAX collection</u> of information on expected agency contributions to E-Government and Line-of-Business initiatives for FY 2018 commenced in June 2016. This data collection for the FY 2018 budget reflects some important changes from prior years, including:

- the collection of three years of contribution levels (PY, CY and BY) in MAX;
- a requirement that by August 26, 2016, CFOs certify that required contribution levels are being included in the agency's budget planning to OMB; and
- each agency managing or contributing to E-Government and Line-of-Business initiatives must report as a distinct investment within their IT Portfolio Summary.

55.4 How should agencies align IT investments with their strategic plans?

An agency's IT investment management and reporting of IT investments must clearly demonstrate that each investment is needed to help meet the agency's strategic goals and mission and show how governance processes are used to plan, select, develop, implement, and operate those IT investments. Furthermore, each IT investment should demonstrate the enabling and improvement of mission and program performance. Agencies demonstrate the IT Investment requirements and governance processes through Agency Major IT Business Cases, supporting documentation, Information Resources Management Strategic Plan, Enterprise Roadmap, and Agency IT Portfolio Summary submissions. The agency must further demonstrate how the investment supports a business line or enterprise service performance goal as documented in the agency's enterprise architecture (EA), and annual Enterprise Roadmap submission to OMB. Documents used to manage the planning, development, implementation, and operation of IT investments and documents that demonstrate the outcomes of agency, branch, and bureau governance decisions should be maintained and made readily available if requested by OMB. Agency strategic planning should incorporate the requirement for regular software and product lifecycle refresh.

The individual agency's Agency IT Portfolio Summary submissions are used to create an overall "Federal IT Portfolio," which is published as part of the President's Budget. Agency and OMB portfolio reviews and Budget processes will ensure the selection of IT investments that support the agency's strategic objectives or performance goals, as captured in the agency's Strategic Plan and Annual Performance Plan.

55.5 Do these requirements apply to me?

Agencies must submit information on the Agency IT Portfolio Summary (including the IT Provisioned Services Spending Summary, IT Infrastructure Summary, and Budget Account Summary), and Major IT Business Case, using the format specified in this guidance, as applicable, for Agency annual, quarterly, and regular reporting of their IT budget and IT Management information. This requirement applies to any agency subject to Executive Branch review (see section 25.1), unless otherwise directed.

The following agencies must adhere to these IT reporting requirements:

Department of Agriculture

Department of the Treasury

Department of Commerce

Department of Veterans Affairs

U.S. Agency for International Development

U.S. Army Corps of Engineers

Department of Energy

Environmental Protection Agency

Department of Health and Human Services

General Services Administration

Department of Homeland Security

National Aeronautics and Space Administration

Department of Housing and Urban Development

Department of the Interior

National Archives and Records Administration

National Science Foundation

Department of Justice Nuclear Regulatory Commission
Department of Labor Office of Personnel Management

Department of State Small Business Administration
Department of Transportation Social Security Administration

Separate guidance may be issued amending the above specifications regarding agency submissions, for non-CIO Council agencies.

55.6 What do I need to know about an agency's IT Budget and Management Requirements?

The agency's IT Budget and Management information is composed of two parts:

- 1) Agency IT Portfolio Summary which includes:
 - a. Agency IT Investment Portfolio Summary Includes IT investment budget, management, and architecture information, and the following Summary information:
 - b. Agency IT Provisioned Services Spending Summary Includes IT investment budget and management information by cloud computing deployment model and service model:
 - c. Agency Data Center Spending Summary Includes an Data Center spending summary for data center costs that the agency owns and operates; and
 - d. Budget Account Summary Includes a summarized view of IT funding levels associated with budget accounts. This summary is derived from the Funding Sources table in the Agency IT Portfolio Summary.
- 2) Major IT Business Case Includes detailed IT investment budget and management information for major IT investment

Agency reporting of its IT Portfolio should include all of an agency's annual IT costs. The agency's complete IT portfolio must be reported, including all major, non-major, migration related, and funding contributions IT investments. For the FY 2018 budget submission, IT funding levels reported in the Agency IT Portfolio Summary should be consistent with your agency's budget materials and should be categorized based upon the following four parts:

Category		
Part 1	IT Investments for Mission Delivery	
Part 2	IT Investments for Administrative Services and Support Systems	
Part 3	IT Investments for Commodity IT Infrastructure and IT Management	
Part 4	IT Investments for Grants and Other Transferred Funding to Non-Federal Organizations for Information Technology.	

Part 2 includes eGov/LoB and Unified Shared Services Management designated shared services. Previously required Part 4: Grants Management should be included in Part 2. Part 5: National Security Systems should be aligned against the appropriate Part above and will be delineated using investment type identifiers.

Per section 51.3, your justification materials should include a section beginning with the words "IT Resource Statements" that provides the following: a statement from the CIO affirming that the CIO has reviewed and approved the major IT investments portion of your budget request; a statement from the CFO and CIO affirming that the CIO had a significant role in reviewing planned IT support for major program objectives and significant increases and decreases in IT resources; and a statement from the CIO and CFO that the IT Portfolio includes appropriate estimates of all IT resources included in the budget request. If for any reason any of the above is not accurate, briefly describe the nature of the inaccuracy. The above statements and discussion must also be included in your agency's annual assurance statement described in OMB Circular A-123.

Funding levels in the agency's Agency IT Portfolio Summary should be provided for PY, CY, and BY, as outlined below:

For:	Funding levels in Agency IT Portfolio Summary for Preliminary agency requests	Funding levels in Agency IT Portfolio Summary for President's Budget request to the Congress
PY (2016)	FY 2016 Likely/Enacted actual level	FY 2016 actual level
CY (2017)	Likely/Enacted for FY 2017	Likely/Enacted for FY 2017
BY (2018)	Agency request for FY 2018	President's Budget request for FY 2018

Funding levels should be consistent with program-level funding and branch, bureau, and agency summary funding tables, as provided to OMB in the agency budget submission.

Investment funding sources must include all Federal budgetary sources of funding used (e.g., budget authority provided in direct appropriations, amounts available for obligation through collections of fees or other receipts, transfers from trust funds or other Federal sources, or via reimbursement, including payments for services).

55.7 What do I need to know about Major IT Business Cases?

OMB provides specific policy, procedural, and analytic guidelines for planning, budgeting, acquisition, and management of major IT capital investments, which is defined within the <u>FY 2018 IT Budget – Capital Planning Guidance Appendix C</u>, in addition to general guidance issued in OMB Circular A-11 and OMB Circular A-130.

An agency's Major IT Business Cases describe the justification, planning, implementation, and operations of individual capital assets included in the Agency IT Portfolio Summary and serve as key artifacts of the agency's EA and IT capital planning processes. The Major IT Business Case is comprised of two components:

- 1) The Major Business Case itself which provides key high-level investment information to inform budget decisions, including general information and planning for resources such as staffing and personnel.
- 2) The regular information updates to the Major IT Business Case, which provides more temporal information, related to tracking management of an investment, such as projects and activities, risks, and operational performance of the investment. This includes the CIO's responsibility to assess each Major IT Investment pursuant to 40 U.S.C. § 11315(c)(2).

Complete details on specifications for completing Agency IT Portfolio Summary and Major IT Business Cases are provided in the <u>FY 2018 IT Budget – Capital Planning Guidance</u>.

SECTION 79—THE BUDGET DATA SYSTEM

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- 79.1 What is the MAX system and how do I report data in MAX?
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- 79.5 What are the MAX schedules?
- 79.6 What MAX changes were made this year?
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- Ex-79B Source Category Codes for Receipt Accounts
- Ex-79C What transmittal code should I use to reflect my proposal for the budget?
- Ex-79D Examples of Different Account Identification Codes

Summary of Changes

Clarifies that routine reauthorizations of ongoing discretionary programs and extensions of expiring mandatory programs assumed to be continued in the baseline should be included in transmit 0 (Exhibit 79C).

79.1 What is the MAX system and how do I report data in MAX?

MAX A-11 Data Entry (MAX) is a computer system used to collect and process most of the information required for preparing the budget. MAX compiles the budget data using a series of schedules, or sets of data, within the MAX database. Each schedule describes a view of the President's Budget. An overview of all the schedules is provided in section 79.4.

To submit the data to populate the budget schedules, appropriations language, and narrative text, you must use the web application, accessible here:

https://a11de.max.gov

Consult the MAX A-11 User's Guide for a reference document on how to use MAX.

You report data at the budget account level in MAX (see section 20.11(a)). This information is aggregated to provide the totals presented in many of the tables in the President's Budget. Most amounts are reported in millions of dollars. The preferred method of rounding numbers is to the nearest even million (for example, both \$11,500,000 and \$12,500,000 would round to 12); however, use of standard off-the-shelf packages that round up when a number is exactly mid-way between two whole numbers is acceptable (for example, \$11,500,000 would round to 12 and \$12,500,000 would round to 13).

You must use MAX to submit your budget data. If data has already been entered for a particular account and transmittal code, you can retrieve and change the data using MAX. For a new account or transmittal code, you must create new shells of schedules before you can enter data. The User's Guide provides instructions on how to insert and edit schedules. You can also use MAX to generate several diagnostic reports.

MAX contains information on budget account titles and classifications and controls data entry. Before you can submit your budget data, an account must be established. Section <u>79.4</u> provides information on how to request new accounts or request changes to existing accounts.

MAX contains numerous crosschecks or error messages ("edit checks") to help ensure the consistency of the data. You can see all of the edit messages in the MAX Edit Checks report on the <u>Budget Season Reports</u> page.

79.2 What should I know about account identification codes?

OMB, in consultation with the Department of the Treasury, assigns account identification codes. These codes are used to store and access data in MAX, run reports, and identify accounts in OMB and Treasury documents and MAX reports. While you can access your accounts in MAX without knowing the account number, you are required to perform several steps that can be eliminated if you do know it. Each account can be identified in several ways. For example, you can access your accounts in MAX by entering either the OMB account number or the Treasury account number. Regardless of which number you use, familiarity with the following coding options is helpful. See exhibit 79D for examples of various account code combinations.

- OMB agency code—Each department or independent agency has a unique three digit number assigned by OMB (see <u>appendix C</u> for list).
- OMB bureau code—Each bureau within each department or major agency has an agency-unique two-digit number assigned by OMB. Agencies that do not have distinct bureaus have a bureau code of "00" (see appendix C for list). Most receipt accounts do not have a distinct bureau and have a bureau code of "00".
- Treasury agency code—Each agency also has a two-digit number assigned by Treasury (see appendix C for list).
- Common Government-wide Accounting Classification (CGAC) agency code—Each department or independent agency has a unique three digit number assigned by Treasury (see appendix C for list). Agencies and OMB are in the process of transitioning from the Treasury agency code to the CGAC agency code.
- Account symbol—Each account has an agency-unique number assigned by Treasury or, in the case of merged accounts, by OMB, that corresponds to the fund type (e.g., general, special). For expenditure accounts, this number is four digits and, for receipt accounts, this number is six digits.
- Transmittal code—Each account in MAX has a one-digit code that identifies the nature or timing of the associated schedules as described in section 79.3.
- Fund code—Section <u>20.11</u> explains fund codes and the account symbols associated with each fund type.
- Subfunction code—OMB assigns each account a three-digit code that corresponds to the account's subfunctional classification (e.g., national defense, income security, agriculture). (See section 79.4(d) for further explanation of subfunctions and exhibit 79.A for a list of functional classifications.)

79.3 Which transmittal code should I use?

The following codes are used to identify the nature or timing of the request.

Most requests that are transmitted to the Congress in the President's Budget are for appropriations for the upcoming fiscal year. These requests are normally reported under transmittal code 0.

Transmittal Code	Title and description
0	Regular budget schedules.
1	Supplemental proposal. Use only for requesting supplemental CY amounts.
2	Legislative proposal, not subject to PAYGO. Use for the effects of proposals requiring authorizing legislation where those effects are not subject to PAYGO. These include both discretionary proposals that are contingent on the enactment of authorizing legislation, as well as mandatory and revenue proposals that do not have a PAYGO impact, which are sometimes referred to as third scorecard (see section 20.3). Do not use for routine reauthorization of ongoing programs.
3	Appropriations language to be transmitted later. Use only with prior approval of OMB when language for a significant policy proposal cannot be transmitted in the budget.
4	Legislative proposal, subject to PAYGO. Use for the effects of proposals requiring authorizing legislation that are subject to PAYGO. Do not use for routine reauthorization of ongoing programs.
5	Rescission proposal pursuant to Title 10 of the Congressional Budget and Impoundment Control Act. Use only for requesting rescission of CY amounts.
7	Amounts included in the adjusted baseline. The amounts are excluded by OMB to produce the BBEDCA baseline. Use only at OMB direction.
8	Overseas contingency operations. Use only for amounts requested for BY through BY+9.
9	Reserved for OMB use.

Separate schedules using non-zero transmittal codes are required to identify proposed supplementals, supplementals requested in the budget, and items proposed for later transmittal under either existing or proposed authorizing legislation or their effect on the information presented in the regular schedule for the account. The combination of the regular schedule and the non-zero transmittal code schedule should display the condition of the account as it would exist if the Congress enacts the proposals.

When a supplemental proposal or legislative proposal involves a transfer between accounts, omit the transaction from the regular (transmittal code 0) schedules and display it in separate schedules for each of the affected accounts. See exhibit <u>79C</u> for help in determining if your legislative proposal should be coded as a transmittal code 0, 2, or 4.

79.4 How do I request new accounts, changes to existing accounts in MAX?

The MAX database contains information on budget account titles and classifications and controls data entry. Among other things, it contains information on:

- The account title, as it will be printed in the budget;
- The Treasury and OMB identification codes;

- Fund type;
- Subfunctional classification;
- Budget Enforcement (BEA) category;
- Congressional subcommittee assignment;
- Type of account (e.g., expenditure, receipt, trust, special, revolving);
- Whether more than half of the collections are user charges;
- Whether the account will finance payments to individuals;
- Whether the account has obligation limitations;
- Citation of legal authority to establish the account;
- For receipt accounts, the receipt type and source category; and for offsetting receipts, character classification; and
- Where the account will be printed in the budget (see section <u>95.3</u>).

(a) General

If you need to request a new account or make changes to an existing account, please contact your OMB budget representative. If requesting a new account, you will need to provide information on all the items in the bulleted list above except for the identification codes.

For new deposit funds, only a subset of the information above is required, as deposit funds are not included in OMB's MAX database. Provide the citation of legal authority and any proposed account number and title. OMB will coordinate with Treasury to reserve an account number in Treasury's database.

These classifications are discussed further below. OMB will coordinate with Treasury, as required, make the necessary changes, and notify you when the change is complete.

If you want to propose new financing methods, reorganizations, account mergers, or changes to the program activity structure in the program and financing schedule, OMB approval is required. You should submit requests for such changes by October 1, unless OMB specifies another date. If a change is dependent on pending decisions or results from late congressional action or other circumstances beyond your control, submit the request as soon as possible after October 1. If prospective internal reorganizations are likely to require budget structure changes, obtain OMB approval prior to implementing the reorganization.

Until requests are approved, base budget materials on the existing structure. If changes are approved, you must revise budget schedules and other materials accordingly.

(b) Fund type and code

OMB and Treasury will assign identification codes based on the type of fund involved and other characteristics of the proposed new account. The account symbol is based on the fund type. See section 20.11 for a detailed discussion of fund types.

FUND TYPES AND CODES

Account symbol	Type of fund	OMB Fund Code	Treasury Fund Code
0000–3899	General fund	1	EG
3800-3899	Any receipt accounts here are clearing accounts		
5000-5999	Special fund	2	ES
4000-4499	Public enterprise revolving fund	3	EP
4500-4999	Intragovernmental revolving fund	4	ER
3900–3999	Management fund	4	
3900-3959	Consolidated working fund		EC
3960-3999	Management fund		EM
8000-8399 and 8500-8999	Trust non-revolving fund	7	ET
8400-8499	Trust revolving fund	8	TR
6000–6999	Deposit fund	N/A	
90xx	Assigned by OMB to designate allowances		
991x–998x	Assigned by OMB for certain merged accounts		

(c) BEA category

For each expenditure or receipt account, OMB assigns a BEA category (e.g., discretionary, mandatory) that designates how the budgetary resources of the account will be classified for budget enforcement purposes (see section <u>81.2</u> for a summary of budget enforcement data classifications). In cases where the account will contain resources classified in more than one BEA category, OMB will identify the account as a "split" account.

(d) Functional and subfunctional classification

OMB normally assigns each expenditure and offsetting receipt account a single subfunction code (see exhibit <u>79A</u> for a list of functional classifications). In rare cases, an appropriation account may be split between two or more subfunctions. If the subfunctions are in the same function, the code of the function is used (e.g., 500, 550, etc.). If two or more functions are involved, the code "999" is used. Annually, OMB consults with CBO and other relevant budget and appropriation committee staff members regarding functional and subfunctional classification. This process, which is required by statute, typically occurs from October through December (see section <u>25.3</u>).

(e) User charge classification

OMB designates whether any collections related to the account are user charges, as defined in section 20.7(g). Receipts, offsetting receipts, and offsetting collections may be classified as user charges.

(f) Receipt type

Receipt accounts are classified either as governmental receipts or offsetting receipts. If the receipts associated with a particular program have more than one classification, separate receipt accounts must be established (see section 20.7 for a full discussion of receipts).

(g) Source category code

Each receipt type has a number of unique source category codes that enable MAX to produce tables needed for the budget. OMB assigns the codes when a new receipt account is established by determining the receipt type for the account and selecting an appropriate program category within that receipt type (see exhibit 79B for a list of source category codes).

(h) Account mergers

Two or more Treasury accounts may be merged into a single budget account with a single set of budget schedules:

- When two or more appropriation accounts are replaced by a single appropriation. Sometimes the amounts in the old accounts are merged by law into the successor account.
- When the budget proposes to merge several appropriations into a single account and request budget year appropriations on that basis. The objective of such proposed mergers is to permit greater flexibility in achieving program goals by managing and budgeting at a higher level of aggregation. This objective must be balanced against other needs, including the need for public disclosure and review and control by the President and the Congress.
- For revolving fund feeder accounts, which are appropriation accounts whose budgetary resources are available only for transfer to specified revolving fund accounts. They should be merged into the revolving funds to which they relate, and the amounts included in the feeder accounts should not be separately identified.
- In some situations, OMB may choose to merge two or more Treasury accounts for presentation purposes. In the case of mergers involving trust funds and Federal funds, a trust fund may be merged into a Federal fund presentation (and vice versa) only if the amounts in the trust fund (or in the Federal fund) are too small to round to at least a million dollars.

The data is displayed in the Appendix in a single budget account, but the underlying TAFSs continue to be accounted for separately pursuant to law, unless Congressional action merges them.

79.5 What are the MAX schedules?

The following table lists the MAX schedules:

MAX schedule	Description	A–11 section number
SCHEDULE A	POLICY ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	<u>81</u>
SCHEDULE C	CHARACTER CLASSIFICATION	<u>84</u>
SCHEDULE F	BALANCE SHEET	<u>86.1</u>
SCHEDULE G	STATUS OF DIRECT LOANS, PRESIDENTIAL POLICY	185.11(b)
SCHEDULE H	STATUS OF GUARANTEED LOANS, PRESIDENTIAL POLICY	185.11(c)
SCHEDULE J	STATUS OF FUNDS	86.3
SCHEDULE K	RECEIPTS, BASELINE ESTIMATES	<u>81</u>
SCHEDULE N	SPECIAL AND TRUST FUND RECEIPTS	<u>86.4</u>

MAX schedule	Description	A–11 section number
SCHEDULE O	OBJECT CLASSIFICATION	<u>83</u>
SCHEDULE P	PROGRAM AND FINANCING	<u>82</u>
SCHEDULE Q	EMPLOYMENT SUMMARY	<u>85</u>
SCHEDULE R	RECEIPTS, PRESIDENTIAL POLICY	<u>81</u>
SCHEDULE S	BASELINE ESTIMATES OF BUDGET AUTHORITY AND OUTLAYS	<u>81</u>
SCHEDULE T	BUDGET YEAR APPROPRIATIONS REQUESTS IN THOUSANDS OF DOLLARS	86.2
SCHEDULE U	LOAN LEVELS AND SUBSIDY DATA, PRESIDENTIAL POLICY	185.10(c)
SCHEDULE X	COMBINED SCHEDULE	<u>82</u>
SCHEDULE Y	FEDERAL CREDIT DATA, BASELINE ESTIMATES	185.11(d)

79.6 What MAX changes were made this year?

The following table lists the MAX changes that will affect the FY 2017 Budget:

MAX scl	nedule, line code, and title	Change
Combine	d Schedule X , including schedules P (Program and financing), A (Policy), a	and S (Baseline)
0900	Total new obligations, unexpired accounts	Title change
1035	Unobligated balance precluded from obligation (limitation on obligations)	New
1172	Advance appropriations transferred to other accounts	New
1173	Advance appropriations transferred from other accounts	New
1174	Advance appropriations permanently reduced	Line number change
1175	Advance appropriations temporarily reduced	Line number change
3010	New obligations, unexpired accounts	Title change
3011	Obligations ("upward adjustments"), expired accounts	Title change
	The following lines relate only to the International Monetary Fund	
5110	IMF quota reserve tranche increase (P.L. xxx-xxx)	New
5111	IMF quota letter of credit increase (P.L. xxx-xxx)	New
5112	IMF quota reserve tranche, total	New
5113	IMF quota reserve letter of credit, total	New
5114	New Arrangements to Borrow (P.L. xxx-xxx)	New
5115	New Arrangements to Borrow (exchange rate)	New
5116	New Arrangements to Borrow, total	New

MAX sche	dule, line code, and title	Change	
Schedule O (Object classification)			
9999	Total new obligations, unexpired accounts	Title change	
Schedule C (Character classification)			
143x-xx	Experimental development Header change		
Schedule J	(Status of funds)		
0210	Adjustment to unobligated balance carried forward	Drop	
0211	Adjustment to obligated balance carried forward	Drop	
Schedule N (Special and trust fund receipts)			
4030	Unobligated balances precluded from obligation	Add	

FUNCTIONAL CLASSIFICATION

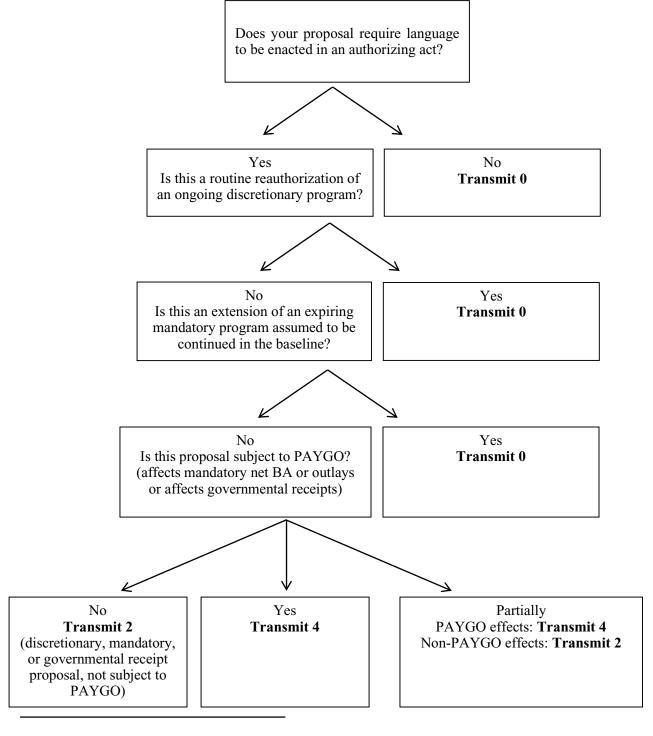
International security assistance 132 Conduct of foreign affairs 134 Foreign information and exchange activities 135 Foreign information and exchange activities 136 Foreign information and exchange activities 137 Foreign information and exchange activities 138 Foreign information and exchange activities 138 Foreign information and exchange activities 139 Foreign information and exchange activities 139 Foreign information 130 Foreign						
150 INTERNATIONAL AFFAIRS 151 International development and 152 International development and 153 International development and 153 International development and 154 155 155 156 156 156 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157 157	050	051 De	partment of Defense-Military	570	MEDICA 571	ARE Medicare
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that involve two or more major function		551 He	alth care services		999	Multifunction account [used for accounts
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Non-Federal employees retirement	INTRAGOVERNIMENTAL TRANSACTION	3
Excise taxes:	[RECEIPT TYPE "IF"]	
Federal funds:	[RECEIT ITTE IF]	
Tobacco	Federal intrafund transactions:	
	Distributed by agency:	
Alcohol		1.40
Telephone and teletype services	Interest from the Federal Financing Bank	
Ozone depletion	Interest on Government capital in enterprises	
Transportation fuels	Interest received by retirement and health bene	
Medical Devices	funds	
Miscellaneous excise taxes	General fund payments to retirement and healt	n
Trust funds:	benefits funds:	1.42
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Highway trust fund		
National recreational trails trust fund	Miscellaneous Federal retirement funds	
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	Other undistributed offsetting receipts (959)3252
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Interest received by off-budget trust fund	Defense cooperation4001
	Regulatory fees
PROPRIETARY RECEIPTS FROM THE PUBLIC	Other
[RECEIPT TYPE "P"]	[RECEIPT TYPE "UG"]
Distributed by agency:	Undistributed by agency:
Interest:	Spectrum auction proceeds5000
Interest on foreign loans and deferred foreign	
collections	*NOTE: Functions may not be mixed within a "UP" source
	category.
Interest on deposits in tax and loan accounts 1716	Calceury.
Interest on deposits in tax and loan accounts1716 Other interest	
Other interest1717	
	g,

What transmittal code should I use to reflect my proposal for the Budget?¹

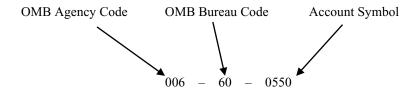


¹ Use transmit 1 for supplemental proposals for current year BA that do not require new authorizing language.

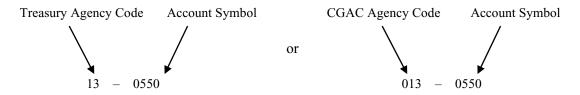
Examples of Different Account Identification Codes

The following example illustrates the various account code combinations for the Salaries and Expenses account of the National Telecommunications and Information Administration of the Department of Commerce:

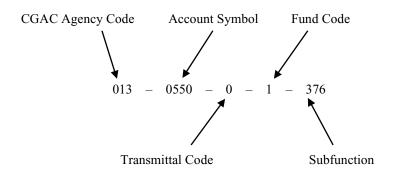
▶ OMB account number



▶ Treasury account number



Account identification code as shown in Budget Appendix



SECTION 80—DEVELOPMENT OF BASELINE ESTIMATES

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- What are the basic requirements?
- What general rules do I need to know?
- 80.3 What rules apply to discretionary spending and collections?
- What rules apply to mandatory spending and collections?
- 80.5 What rules apply to mandatory supplemental requests?
- 80.6 What rules apply to governmental receipts?
- 80.7 What materials must I provide in support of baseline estimates?

Summary of Changes

Instructs agencies to exclude the effect of future sequestration when extending an expiring program in the baseline (section 80.4).

Clarifies the pay increase assumptions that should be used in the current year and budget year (section 80.4).

Updates the list of materials that may be required to support baseline materials (section <u>80.7</u>).

80.1 What are the basic requirements?

OMB baseline estimates follow the rules in section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBEDCA). The baseline rules were recently reinstated through amendments to BBEDCA enacted in the Budget Control Act of 2011 (BCA).

Each agency, including the legislative and judicial branches, must submit estimates of budgetary resources, outlays, and receipts that project the CY levels into BY through BY+9, except:

- For credit financing accounts, baseline data is required only for net financing disbursements; and
- Government-sponsored enterprises do not have to submit baseline estimates.

Section <u>82</u> provides detailed information on entering baseline data into MAX.

BBEDCA provides explicit instructions on how to develop the baseline estimates. Some apply to all baseline estimates. However, most rules are specific to two categories of collections and spending:

- Those that are controlled through annual appropriations acts (discretionary spending); and
- Those that are controlled through authorizing legislation (mandatory spending and receipts).

The classification of collections and spending as discretionary or mandatory spending generally follows the criteria specified in BBEDCA. Consult your OMB representative if you have questions concerning the classification.

OMB may work with affected agencies to make adjustments to the estimates to produce an adjusted baseline to be used in the budget documents.

80.2 What general rules do I need to know?

The baseline is a projection of the budgetary resources, outlays, and receipts for mandatory programs and governmental receipts based generally on current law, and a projection of the current year (CY) levels of budgetary resources, outlays, and receipts into the outyears for discretionary programs. Below are rules that apply to all baseline estimates:

- Legislative proposals. Legislative proposals are considered to be changes from the baseline projection. Do not reflect their budgetary effects in the baseline estimates.
- Supplementals. Include only supplementals associated with mandatory programs that would finance obligations required by current law in the baseline.
- Regulations, management initiatives, and administrative actions. Include the effects of these actions, including planned regulations that are not final, in the baseline estimates, as long as they can be implemented without further legislation.
- *Credit programs*. Base the estimates for credit programs on enacted appropriations of subsidy budget authority for direct loans and guaranteed loan commitments. In addition, see section 185.11(d) for baseline requirements for net financing disbursements in liquidating and financing accounts (Schedule Y).

80.3 What rules apply to discretionary spending and collections?

Follow the BBEDCA guidelines and base the baseline estimates for discretionary spending and collections on the levels provided in the most recent appropriations act or full-year continuing resolution (CR). If a part-year CR is in effect, base the estimates on the annualized level of the CR. Except for advance appropriations, the most recent appropriations act or full-year CR is normally for the current year.

(a) Current year base

Estimates will equal the enacted current year amounts reported in MAX under transmittal code 0. You must separate discretionary budgetary resources, except those related to spending authority from offsetting collections, into portions related to civilian pay and benefits, military pay and benefits, or not related to pay and benefits. See section <u>81.2</u> for pay and non-pay definitions.

(b) *BY through BY+9 baseline estimates*

In most cases, baseline estimates of budgetary resources are calculated by MAX to be equal to the most recent full year appropriation (generally the CY level) adjusted for anticipated pay and non-pay inflation using factors supplied by OMB.

For the four BBEDCA-specified accounts with social insurance administrative expenses (the Federal hospital insurance trust fund, the supplementary medical insurance trust fund, the unemployment trust fund, and the rail industry pension fund), you must report estimates of the beneficiary population (see explanation of line 5150-00 in section 82.9).

For programs financed by the Highway and Mass Transit trust fund and controlled by annual obligation limitations, projections of discretionary outlays are derived from a projection with inflation of the CY level of the obligation limitation.

Outlays from budgetary resources provided prior to the budget year should be the same in the baseline and in the Presidential policy estimates. New budgetary resources generally should outlay at a rate that is consistent with Presidential policy spendout rates. Section <u>82.6</u> describes outlays more fully.

(c) *Advance appropriations*

If an account is completely funded through advance appropriations, the last year of the enacted advance appropriation is the base for calculating the baseline estimate for the remaining years. However, if the Congress discontinues an advance appropriation and provides the funding for that advance in the current appropriations instead, the last year of the advance appropriation should be assumed to be zero, and the regular appropriation should be inflated accordingly.

If an account is funded with both current and advance appropriations, inflate the current appropriation as described in (b) above; for the advance appropriation, follow the guidance in the paragraph above.

(d) Discretionary credit accounts

MAX inflates CY subsidy budget authority using the annual adjustment factor for non-pay costs from the economic assumptions for the Budget. The estimated policy subsidy rate for the BY should be a separate and distinct calculation from that done for the CY. The OMB credit subsidy calculator computes the subsidy rate using the economic assumptions for the Budget. (See section 185.5 for instructions on calculating baseline subsidy estimates, including programs with negative subsidies.) OMB does not collect baseline information on direct loan obligations and guarantee commitments.

(e) Discretionary offsetting collections and receipts

The baseline estimates should be consistent with the levels of budgetary resources assumed for the account conducting the activity that generates the collections. When the level of collections is independent of the appropriated level, reflect collections consistent with the level of activity anticipated under current law.

(f) Multi-account appropriations

If an appropriation covers more than one account and does not specify the amount provided for each account, such as the limitation on administrative expenses under the Social Security Act, the distribution of the budget authority by account in the CY is the base for subsequent years. Inflate the CY amount by account to derive the budget authority for BY through BY+9.

(g) Accounts with negative budget authority in the CY

- If the account has net negative budget authority as a result of a rescission, reduction, or transfer of balances, estimate the budget authority for BY through BY+9 as zero.
- If the account has negative budget authority because the offsetting collections credited to the account exceed the spending authority from those offsetting collections (e.g., as a result of limitations on administrative expenses or repayments of debt), provide your best estimate of the offsetting collections under current law, and
 - ▶ If the *spending authority is controlled by appropriations*, project the authority using the guidance in section <u>80.3(b)</u>.
 - ▶ If the *spending authority from offsetting collections is indefinite*, reflect the level of activity anticipated under current law.

80.4 What rules apply to mandatory spending and collections?

Section 257 of BBEDCA requires the estimates for budgetary resources provided in authorizing law and for appropriated entitlements to reflect the level of activity anticipated under current law, using the Budget's economic and technical assumptions. Include the effect of changes to programs and activities directed by previously enacted legislation (such as a change in a benefit formula that becomes effective in BY+2) in the year that the changes become effective. The following special rules apply:

- Expiring authorizations. Assume that a program explicitly designated as temporary will expire in the baseline if the program was enacted after the Balanced Budget Act of 1997. Assume that programs scheduled to expire under current law (even if not explicitly designated as temporary) will expire in the baseline if current year outlays for the program are \$50 million or less. Assume that all other expiring programs will continue in the baseline if current year outlays exceed \$50 million. For programs with definite BA, extend the BA at the same level authorized in the last full year, and for programs with indefinite BA, project future BA and outlays based on the program's eligibility criteria, benefit formulas, and other provisions in effect at the point of expiration. Assume an expiring provision of law (in contrast to an expiring program) will expire if that assumption does not have the effect of terminating the basic program. When extending an expiring program in the baseline, exclude the effects of future sequestration from BY through BY+9.
- *Veterans' compensation cost-of-living-adjustment (COLA)*. Assume enactment of a COLA for veterans' compensation that is equal to the COLA required by law for veterans' pensions.

Agencies affected by these special rules should contact their OMB representative for guidance.

You should base collections affected by Federal pay rates on rates used for Presidential policy, not on the levels of compensation assumed in the baseline for the pay-related portion of discretionary accounts. If a pay increase for the current year has not been enacted, you should assume a current year pay increase equal to the pay increase proposed for the current year in the previous President's Budget, unless otherwise directed by OMB. Similarly, if a Presidential policy decision on the pay increase for the budget year has not been made, you should use the provisional pay increase for the budget year from section 32.1, unless otherwise directed.

Certain substantive changes to or restrictions on entitlement law or other mandatory spending law contained in appropriations laws (including changes in offsetting receipts or collections) shall be treated as changes in discretionary spending for the purposes of scoring those appropriations laws (see Appendix A). However, in the subsequent budget, OMB can decide to reclassify such changes, especially in accounts that are generally mandatory. If advised by OMB to reclassify the change, the mandatory spending entries for the account should reflect the change made in appropriations law.

Mandatory sequestration should be reflected in MAX for sequestration taking effect up through the current year (that is, through the 2017 sequestration order for the 2018 President's Budget). Sequestration for the budget year and beyond (which will be ordered in sequestration reports filed with the upcoming and future President's Budgets) will be handled centrally by OMB and should not be reflected in the baseline. Temporary reductions of budgetary resources sequestered in revolving, trust, or special fund accounts, or offsetting collections sequestered in appropriations accounts, that are determined by OMB to become available in a subsequent fiscal year without further legislative action should be included in the baseline for the fiscal year in which they become available. See section 100.14 for more information on showing these resources in budgetary reporting.

80.5 What rules apply to mandatory supplemental requests?

Baseline estimates for mandatory supplemental requests will reflect *current year* baseline estimates of budget authority and the related outlays insofar as that budget authority will finance obligations that exist under current law. Budget authority estimates for BY through BY+9 will be zero. However, you should reflect the spendout of current year budget authority, as appropriate, over the period BY through BY+9.

80.6 What rules apply to governmental receipts?

Governmental receipts should be projected based on provisions of the tax code under current law, except that excise taxes dedicated to trust funds are assumed to continue after their scheduled expirations. (These receipts will not necessarily be carried over in policy if the trust fund spending is assumed to expire.) Thus, estimates should include the effect of changes to governmental receipts directed by previously enacted legislation (such as a change in a tax rate, deduction, or credit that becomes effective in BY+2) in the year that the changes become effective.

80.7 What materials must I provide in support of baseline estimates?

After final budget decisions, you may be required to submit a table showing the impact on the baseline of estimates for some or all of the following:

- Major regulations;
- Expiring provisions of law or programs assumed to be extended in the baseline;
- Expiring provisions of law or programs not extended in the baseline;
- Caseloads for major mandatory programs;
- Management initiatives;
- Administrative actions; and
- Other major program assumptions included in the baseline.

Show the budgetary impact of each major assumption separately. For example, a change in outlays due to a regulatory change should be shown separately from a change due to the expiration of a provision of law. Consult with your OMB representative on the format and content of this table.

SECTION 81—POLICY AND BASELINE ESTIMATES OF BUDGET AUTHORITY, OUTLAYS, AND RECEIPTS (SCHEDULES A, S, R, AND K)

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- 81.1 What are the basic requirements?
- What data classifications do I use to enter data into MAX?
- What information do I need to report?
 - (a) Expenditure accounts
 - (b) Receipt accounts
- Ex-81 How do I add a new data classification to my account in MAX?

81.1 What are the basic requirements?

MAX contains detailed information on budgetary resources, outlays, and receipts for *presidential policy* (schedules A and R) and *baseline* (schedules S and K). You will enter the data for schedules A and S in the combined schedule X in MAX. The system will copy the appropriate entries from schedule X into schedules A and S.

- Presidential policy data covers the period PY through BY+9.
- Baseline data covers the period CY through BY+9.
- Schedules A and S include information on budget authority, limitations and outlays.
- Schedules R and K include information on receipts.

For all accounts, except credit financing accounts and Government-sponsored enterprises, you must:

- Submit policy data (all transmittal codes).
- Submit baseline data for the regular budget schedule (transmittal code "0").
- Submit baseline data for supplemental requests (transmittal code "1") that are classified as *mandatory* and finance obligations that exist under current law (such as payments under entitlement programs).
 - Do not provide baseline estimates for *discretionary* supplemental requests.
 - ▶ Do not provide baseline estimates for other transmittals (e.g., codes "2", "4", "8") unless specifically requested by OMB.

Use the guidance in section $\underline{31}$ and section $\underline{32}$ to develop the policy estimates. Use the guidance in section $\underline{80}$ to develop the baseline estimates.

81.2 What data classifications do I use to enter data into MAX?

Report data using the classifications specified below. Multiple entries are required when more than one classification applies to a budgetary resource, limitation, offset, or outlay. When inserting or revising data in MAX, choose the appropriate line number, subfunction, budget enforcement subcategory, and other classifications from a list provided on the screen. For more on inserting data classifications in MAX, see exhibit 81.

DATA CLASSIFICATIONS FOR SCHEDULES X (A and S), R, AND K

Classification	Description		
LINE NUMBER	Line numbers for schedules A, S, R and K consist of a four-digit number and a two-digit suffix (xxxx–xx). For schedules A and S, the first four digits describe the type of data being reported and the last two digits distinguish between policy and baseline data or describe the types of outlays (see section 82.4). For schedules R and K, the six-digit number (xxxx–xx) indicates the character classification (see section 81.3 and 84.4).		
SUBFUNCTION	For accounts with a single subfunctional classification (see section 79.2), you can enter data without specifying the subfunction; MAX automatically provides the subfunction designation. For accounts with multiple subfunctions, you must enter data for each subfunction separately.		
CIVILIAN PAY AND BENEFITS/	Indicates whether amounts are used to fund personnel compensation and benefits ("pay") or other activities ("non-pay"). This is entered in schedule X on line xxxx–50.		
MILITARY PAY AND BENEFITS/ NON-PAY	Applies to baseline budget authority (other than spending authority from offsetting collections) and limitations.		
1,01,1711	The requirement to distinguish baseline pay and benefits from other amounts applies only to discretionary budget authority and limitations. For mandatory amounts, you may choose to make the distinction, or just to code all amounts as non-pay.		
	<i>Civilian pay and benefits</i> means the amount of new budgetary resources used to fund personnel compensation and benefits for civilian personnel, consistent with the definitions for object classes 11.1 through 11.5 and 12.1.		
	<i>Military pay and benefits</i> means the amount of new budgetary resources used to fund personnel compensation and benefits for military personnel, consistent with object classes 11.6, 11.7 and 12.2.		
	Other than pay and benefits means the amount of new budgetary resources not used to fund personnel compensation.		
BUDGET ENFORCEMENT CATEGORY/ SUBCATEGORY/ JURISDICTION/	 Budget enforcement category. (i.e., discretionary, mandatory, net interest, governmental receipt) As a general rule, for offsetting collections from Federal sources, you should classify any spending authority from offsetting collections, the offsetting collections from which they are derived, and the associated outlays as mandatory or discretionary based on the activities for which the offsetting collections are spent in the receiving account. This means the classification will have the same classification as the funding provided for similar activities being carried out by the account. For offsetting collections from non-Federal sources (e.g. user fees), amounts should be classified as mandatory if the legislative language that creates the collection is in authorizing legislation or discretionary if the legislative language is in an appropriations act. Subcategory. Includes subcategories from before discretionary enforcement expired in 2002 (e.g. third scorecard, highway, mass transit, non-emergency supplemental funding, and discretionary change in a mandatory program), as well as the cap adjustments included in the Budget Control Act of 2011 (BCA) (e.g., overseas contingency operations/global war on terrorism, emergency funding, program integrity, and disaster relief). Report data by the categories listed in the next table, "Summary of Budget Enforcement Data Classifications." Use multiple entries if more than one classification applies to the budgetary resources and outlays in an account. 		

* Jurisdiction. (appropriations or authorizing committee) All discretionary resources are under the jurisdiction of appropriations committees. The classification for mandatory resources differentiates between appropriations and authorizing committee jurisdiction. Only accounts that have been approved by OMB should include mandatory resources under the jurisdiction of the appropriations committees. * Rescissions and cancellations.* Use an emergency, overseas contingency operations/global war on terrorism (OCO/GWOT), or disaster relief subcategory to classify rescissions and cancellations of amounts that have been designated as emergency, OCO/GWOT, or as disaster relief appropriations, respectively. Reductions of funds that have been designated as emergency requirements will not be counted as PAYGO offsets for the purposes of the Statutory Pay-As-You-Go Act of 2010. Reductions of funds that have been

• *Other*. The above rules apply to all line entries *except* the number of beneficiaries (line 5250-00).

designated as emergency requirements, as OCO/GWOT appropriations, or as disaster relief will not be counted as discretionary offsets for appropriations of

SUMMARY OF BUDGET ENFORCEMENT DATA CLASSIFICATIONS

non-emergency funds.

If the resource is classified as	And is controlled by the	And the following conditions apply	Then the data classification is
Discretionary	Appropriations	None of the conditions	DISCRETIONARY
	committee	described below applies.	This category includes spending authority that requires appropriations committee action and the associated outlays, as well as receipts made available through action by appropriations committees in discretionary accounts.
		Do not use this category if amounts can be classified in any of the other discretionary categories described below.	
	The amounts are under the	DISCRETIONARY, HIGHWAY	
		discretionary highway category of BBEDCA.	Classify amounts in excess of the highway category spending cap as "discretionary" not as "discretionary, highway."
The amounts are under the	DISCRETIONARY, MASS TRANSIT		
		discretionary mass transit category of BBEDCA.	Classify amounts in excess of the mass transit category spending cap as "discretionary" not as "discretionary, mass transit."

If the resource is classified as	And is controlled by the	And the following conditions apply	Then the data classification is
		The amounts include enacted or proposed emergency funding for the current year and proposed emergency funding for the budget year (i.e., funding that is either proposed or enacted with an emergency designation by both the President and the Congress pursuant to Section 251(b)(2)(A) of BBEDCA) and is limited to emergency amounts that are not for overseas contingency operations/global war on terrorism, or disaster relief.	DISCRETIONARY, EMERGENCY PURSUANT TO 2011 BUDGET CONTROL ACT Use only with OMB approval. Do not use this category if amounts can be classified in any of the other discretionary categories described below.
		Use for enacted or proposed NON-emergency funding for the current year and proposed NON-emergency funding for the budget year for funding requested or provided in a supplemental act.	NON-EMERGENCY SUPPLEMENTAL FUNDING Use only with OMB approval.
		Use for enacted or proposed funding for the current year and proposed funding for the budget year that is designated by both the President and the Congress as being for overseas contingency operations/global war on terrorism pursuant to Section 251(b)(2)(A) of BBEDCA.	OVERSEAS CONTINGENCY OPERATIONS/GLOBAL WAR ON TERRORISM Use only with OMB approval.
		Use for enacted or proposed funding for the current year and proposed funding for the budget year for either SSA Continuing Disability Reviews and Redeterminations or for the HHS Health Care Fraud and Abuse Control account for program integrity efforts pursuant to Sections 251(b)(2)(B) and 251(b)(2)(C) of BBEDCA. This may also be used only for Administration proposals for program integrity efforts for Internal Revenue Service tax enforcement or unemployment insurance improper payment reviews.	PROGRAM INTEGRITY FUNDING Use only with OMB approval.

If the resource is classified as	And is controlled by the	And the following conditions apply	Then the data classification is
		Use for enacted or proposed funding for the current year and	DISASTER RELIEF FUNDING
		proposed funding for the budget year that is designated by the Congress as being for disaster relief pursuant to Section 251(b)(2)(D) of BBEDCA.	Use only with OMB approval.
		Use for <i>proposed</i> changes to mandatory spending requested in appropriations laws	DISCRETIONARY, DISCRETIONARY CHANGE IN A MANDATORY PROGRAM
		(CHIMPs). Changes to budget authority and the associated outlays resulting from <i>enacted</i> CHIMPs should be classified under the appropriate mandatory category.	Does not apply to baseline estimates. Use only with OMB approval. (Unless otherwise instructed by OMB, this category only applies to proposed CHIMPs. See definition of CHIMPs in section 20.3.)
Mandatory	Appropriations committee	None of the conditions described below applies.	MANDATORY, APPROPRIATIONS COMMITTEE
	Authorizing committee		Do not use this category if amounts can be classified in any of the other mandatory categories described below.
		The amounts include emergency funding (i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute).	MANDATORY, EMERGENCY, APPROPRIATIONS COMMITTEE Use only with OMB approval.
		None of the conditions described below applies.	MANDATORY, AUTHORIZING COMMITTEE
			Do not use this category if amounts can be classified in any of the other mandatory categories described below.
		The amounts include emergency funding	MANDATORY, EMERGENCY, AUTHORIZING COMMITTEE
		(i.e., funding that is proposed to be designated as emergency by the President and the Congress in statute.)	Use only with OMB approval.
		sequestered in the previous year that becomes available for obligation without further	MANDATORY, SEQUESTRATION POP-UP, AUTHORIZING COMMITTEE
			Use only with OMB approval.
			Use for CY and BY only

If the resource is classified as	And is controlled by the	And the following conditions apply	Then the data classification is
Net Interest		None of the conditions NET INTEREST	
		described below applies.	Applies to budget authority, outlays, and offsetting receipts included in the net interest functions (function 900).
		The amounts result from the effects of proposed legislative	NET INTEREST, THIRD SCORECARD
		changes on interest budget authority, outlays, or receipts, and are not scored as PAYGO.	Does not apply to baseline estimates.
Governmental	Authorizing	None of conditions described	GOVERNMENTAL RECEIPTS
receipts committee below applies.		Applies to governmental receipts in schedules K and R.	

81.3 What information do I need to report?

(a) Expenditure accounts

Report all budgetary resources, limitations, outlays, and offsets in schedule X and MAX will automatically copy the data to schedules A and S. For more information about schedule X, see section 82.

The following rules apply to expenditure accounts:

- For PY through BY, the sum of amounts for total policy BA (lines xxxx-40) and offsets (lines xxxx-41) must equal the amounts entered for schedule P (four-digit line numbers).
- For discretionary CY amounts in transmit 0, baseline BA; limitations; and offset amounts must equal policy amounts. You will enter data in the baseline lines, and MAX will copy it to policy and lock the policy amount.
- For mandatory amounts in CY through BY+9 in transmit 0, all baseline amounts must equal policy amounts. You will enter data in the baseline lines, and MAX will copy it to policy and lock the policy amounts.
- For discretionary baseline BA and limitations (except spending authority from offsetting collections), you will enter a CY amount and MAX will generate and lock BY through BY+9. For mandatory baseline BA and limitations, you will enter all amounts.
- For discretionary policy BA and limitations (except spending authority from offsetting collections), you will enter a BY amount and MAX will generate and lock BY+1 through BY+9. In some cases, OMB will unlock BY+1 through BY+9 so you can overwrite the amounts in the outyears.
- For discretionary offsets and spending authority from offsetting collections, you will enter data for CY in baseline and BY in policy, and MAX will generate the outyears. You may overwrite these generated amounts.

- For discretionary outlays, you will enter in policy:
 - Outlay amounts in PY.
 - Outlay *amounts* in all years for outlays from balances (both obligated and unobligated) of budget authority brought forward from PY (end of PY balances).
 - Outlay *rates* that apply to BA or limitations provided in the CY and beyond. You may use different outlay rates for the CY than you use for BY and beyond.

MAX will copy all outlay rates and end of PY balance outlay amounts to baseline.

• For mandatory outlays, you may choose to enter all amounts by hand, or use the outlay rates where applicable. MAX will copy outlay amounts and rates to baseline.

(b) Receipt accounts

Report data on all collections deposited in receipt accounts (i.e., governmental receipts and offsetting receipts) in schedules R and K. The line numbers for offsetting receipts are also used to designate receipt character classification (see section <u>84.4</u>). Only one character classification (line number) is valid for each receipt account, and that information must be specified in advance in OMB's database of account information before you can report the character classification data for the applicable account.

The following rules apply to receipts:

- Past year data will be loaded into schedule R from agency data reported to Treasury. These amounts cannot be overridden but can be changed by OMB when agencies provide valid justification, to include coordination with Treasury (see section 82.12).
- MAX automatically calculates *discretionary policy receipts* in schedule R through BY+9 for the years that are subject to across-the-board rules. You may overwrite these amounts, if necessary.
- MAX also automatically calculates *discretionary baseline receipts* in schedule K for BY through BY+9 based on the CY budgetary resources entered by the agency and inflation factors entered by OMB. You may overwrite these amounts, if necessary.
- MAX copies the mandatory baseline receipts data you enter in schedule K to schedule R. To change the policy estimates, you must revise the baseline estimates.

The following table indicates the line numbers used to report receipts in schedules K and R:

RECEIPTS

Entry	Title	Description
0000-00	Governmental receipts	Report all collections classified as governmental receipts (see section 20.7).

SECTION 81—POLICY AND BASELINE ESTIMATES OF BUDGET AUTHORITY, OUTLAYS, AND RECEIPTS (SCHEDULES A, S, R, AND K)

Entry	Title	Description
	Offsetting receipts:	Report all offsetting receipts based on the character classification of the receipts (see section <u>84.4</u>). <i>Most offsetting receipts will be reported on line 2004–03</i> .
1330-03	Proceeds from sale of commodities	
1340-03	Receipts from sales of property or assets	
Receipts from other physical assets		
1512–03 Receipts for education and training		
2004–03	All other offsetting receipts	

How do I add a new data classification to my account in MAX?

When you add a new policy line (line number xxxx-40 or xxxx-41) to schedule X in the MAX A-11 Data Entry application (MAX), you are required to specify a data classification. The classification includes the budget enforcement category (discretionary or mandatory), committee jurisdiction (appropriations or authorizing), and possibly a budget enforcement subcategory (e.g., emergency). See section <u>81.2</u> for a list of these combinations.

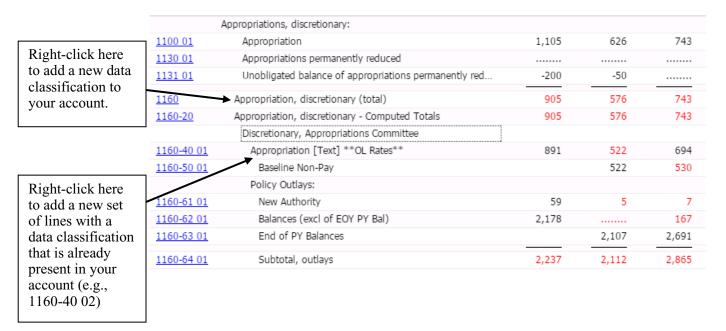
To add a line with a data classification that is not already represented in your account:

- Right-click on the title of the four-digit line number associated with the data you need to insert (e.g., 1160);
- Choose Insert line/schedule:
- Choose the item from the line number list with the same line number you just clicked on plus the last two digits '30' (e.g., 116030) and titled Budget Enforcement Act Category;
- Click on Insert: and
- Choose the appropriate data classification (e.g., Discretionary, Discretionary Change in a Mandatory Program, Appropriations Committee).

You should enter your data on the lines directly below the new header that will appear onscreen.

To add another line series for an existing data classification:

- Right-click on the title of a policy line (e.g., 1160-40) with the correct classification
- Choose Insert line/schedule.
- Choose the item from the line number list with the same line number plus the last two digits '40' (e.g., 116040);
- Click on Insert;
- Choose a Sequence number or leave blank if you want the system to assign a value
- Click Choose



SECTION 82—COMBINED SCHEDULE X

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	Special Requirements			
82.14	How do I present transfers of resources?			
82.15	How do I present transfers in the estimates?			
82.16	How do I present transfers in the estimates. How do I present merged accounts?			
82.17	How should I treat allocation accounts?			
	Line Descriptions			
82.18	What should I know about the individual lines in schedule X?			
Ex-82A	Updating MAX Combined schedule X			
	Setting Up Outlay Calculations			
	Automatic Generation of Discretionary Outlays			
	Schedule X Line Numbers Including schedule A, S, and P Lines			
Summary of Changes				

Eliminates requirement for agencies to report obligations by program activity in schedule P (section 82.5 and old exhibit 82E).

Removes duplicative schedule N and J line source descriptions from schedule P (section 82.18).

Adds lines in schedule P to incorporate transfers of advance appropriations and lines to incorporate unobligated balances that are precluded from obligation (i.e., limitation on administrative expenses) in a fiscal year by a provision of law (section 82.18).

Modifies lines in schedule P to distinguish obligations in unexpired accounts and upward adjustments of obligations in expired accounts (section 82.18).

Adds memorandum lines in Schedule P to capture International Monetary Fund quota and New Arrangements to Borrowing reporting (section <u>82.18</u>).

82.1 What is schedule X?

Schedule X facilitates entering like data into the MAX database. Instead of entering similar or identical data into three different schedules, you use one master worksheet. The data entered into schedule X populates:

- Schedule P (Program and financing schedule)
- Schedule A (Presidential policy data for expenditure accounts)
- Schedule S (Presidential baseline data for expenditure accounts)

For credit financing accounts and government-sponsored enterprises, schedule X populates only schedule P, because these accounts do not have policy or baseline data.

82.2 What are schedules P, A, and S?

Schedule P is the program and financing schedule. It is printed in the budget *Appendix* and presents information on agency programs, the allocation of budgetary resources by activity, the status of those resources, and spending patterns. The schedule covers PY through BY. It is used to:

- Analyze and evaluate the estimates;
- Compare enacted funding levels to the President's request;
- Relate budget formulation to budget execution (estimates to actuals); and
- Identify programmatic and historical trends.

Schedule A shows budget authority (BA) and outlays by OMB account for the most recent actual year (PY), enacted levels for the current year (CY), and the levels proposed by the President for the budget year (BY) through BY+9.

Schedule S shows baseline estimates of BA and outlays by OMB account and covers CY through BY+9.

To learn more about the additional data classifications you will use for schedules A and S, see section 81.

82.3 How is schedule X organized?

Schedule X follows the flow of the program and financing schedule (schedule P):

•	Obligations by program activity	(lines 0001–0900)	(section <u>82.5</u>)
•	Budgetary resources	(lines 1000–1966)	(section <u>82.6</u>)
•	Change in obligated balance	(lines 3000–3200)	(section <u>82.7</u>)
•	Budget authority and outlays, net	(lines 4000–4190)	(section <u>82.8</u>)
•	Memorandum (non-add) entries	(lines 5000–5250)	(section <u>82.9</u>)
•	Unfunded deficiencies	(lines 7000–7020)	(section <u>82.10</u>)

The data you enter in the Budgetary Resources section and the Budget Authority and Outlays, Net section will automatically populate schedules P, A, and S. The remainder of the sections populate schedule P.

The Budgetary Resources section is a common section used in schedule X, the SF133 report on budget execution, and the apportionment schedule. The Change in Obligated Balance; the Budget Authority and Outlays, Net is used in schedule X and the SF133.

82.4 How are schedules A and S derived from schedule X?

In the Budgetary Resources section, where schedule X shows the total for a type of BA (e.g., line 1160), you will also enter a more detailed breakout of budget authority and outlays used to populate schedules A

and S. In the Budget Authority and Outlays, Net section, where schedule P shows offsets (e.g., line 4030), you will also enter a more detailed breakout of offsets for schedules A and S.

You will do this by using more than one version of the line. For example, for total discretionary appropriations, you will use line X 1160 to populate schedule P, line X 1160–40 to populate schedule A, and line X 1160–50 to populate schedule S. Since baseline and policy should be equal in CY for all data in transmit 0 and for BY through BY+9 in transmit 0 for mandatory receipts and spending, MAX will copy your data entry from baseline lines to policy. MAX will display a CY error if the amounts you enter in schedule X to populate the P and A schedules do not match the corresponding amounts that populate schedule A.

Schedules A and S also require that you associate outlays with your BA, so for each line of policy and baseline BA, you will show the associated outlays. These outlays are copied directly into schedules A and S, and are used to populate the Budget Authority and Outlays, Net section of schedule P. See exhibit <u>82B</u> for more guidance on entering outlays.

Schedule P line numbers always have four digits. Schedule A and S line numbers always have six digits. Subtotals that appear only onscreen (i.e., do not print) also have 6 digits. This chart shows what the fifth and sixth digits in line numbers mean:

MAX Line and Line N	MAX Schedule		
New Budget Authority and limitations:			
xxxx-40	Policy program	Schedule A	
xxxx-50	Baseline program	Schedule S	
Outlays (policy):			
xxxx-61	Outlays from new authority	Schedule S	
xxxx-62	Outlays from balances	Schedule S	
xxxx-63	Outlays from end of PY balances	Schedule S	
xxxx-64	Outlay subtotal	Schedule S	
Outlays (baseline):			
xxxx-81	Outlays from new authority	Schedule A	
xxxx-82	Outlays from balances	Schedule A	
xxxx-83	Outlays from end of PY balances	Schedule A	
xxxx-84	Outlay subtotal	Schedule A	
Offsets:			
xxxx-41	Policy program	Schedule A	
xxxx-71	Baseline program	Schedule S	
Other:			
xxxx-10	Sum of detail lines		
xxxx-20	Computed totals		
	Sum of the detail lines		

MAX Line and Line N	umbers	MAX Schedule
xxxx-30	Pick list placeholders	
	MAX displays these lines only in the pick lists for Choose this line number when you want to enter a BEA subcategory and Spending Committee (e.g., combination.	a line with a new BEA category,
5250-00	Number of beneficiaries (in thousands)	Schedule S
	Use only with OMB approval	

82.5 How do I report obligations by program activity?

The Obligations by Program Activity section of schedule X, lines 0001–0900, shows the new obligations incurred for each of the principle program activities or projects financed by the account (see section 20.5 for instructions on when to record obligations). Direct obligations are shown on lines 0001–0799, reimbursable obligations are shown on lines 0801–0899 (see section 83.5 for more on the distinction between direct and reimbursable obligations), and the 07xx series is reserved for credit-specific activities. The total direct and reimbursable obligations in this section must tie to the totals in schedule O, object classification.

In transmit 0, all amounts in this section must be positive.

(a) Selecting program activities

Use activities that provide a constructive basis for analyzing and evaluating the estimates. Keep the number of activities to a reasonable minimum without sacrificing clarity. Do not use subactivities (such as projects or recipient institutions), unless the amounts are significant and the breakdown necessary to provide full understanding. The activities should:

- Clearly indicate the services to be performed or the programs to be conducted;
- Finance no more than one strategic goal or objective;
- Distinguish investment, developmental, grant and subsidy, and operating programs; and
- Relate to administrative control and operation of the agency.

In cases where a single program activity line is used to group a variety of activities that do not lend themselves to a more specific description, the line title will start with the name of the account and indicate whether the obligations are direct or reimbursable, as follows:

- Account Title (Direct)
- Account Title (Reimbursable)

This naming convention will better standardize and improve the program activity line descriptions reported in the Budget.

Unless otherwise noted, you must:

- Distinguish direct obligations from reimbursable programs; and,
- Have adequate accounting support for obligations shown in the actual column.

Having adequate accounting support means that your agency's financial system records obligations in a way that allows you to create a straight-forward cross-walk between the projects or limitations in the financial system and schedule X program activities. Typically, you will have many projects or limitations in your financial systems that correspond to one schedule X activity.

Obtain approval for any changes in activity structure from OMB prior to your budget submission.

(b) *Allocating expenses to activities*

Charge personnel compensation to activities on the basis of organizational units or on the basis of specific assignments. When feasible, distribute other administrative and overhead expenses among activities. However, you must be able to readily separate these overhead expenses from other charges. If you need to distribute amounts between two or more activities, base the distribution on readily supportable factors. Be consistent from year to year, and do not rely on overly detailed procedures.

Do not report adjustments to obligations in expired accounts in this part of schedule X. Report them under changes in obligated balance, on lines 3011 and 3041 (see section <u>82.5</u>).

(c) Reimbursable programs

If your account includes reimbursable obligations (see section 20.5), show the obligations financed by reimbursements separately from direct obligations. If the same activities are conducted on both a direct and reimbursable basis, you may list the same entries in both sections.

Report all the obligations in non-credit revolving fund accounts as reimbursable; report all the obligations in credit program and liquidating accounts as direct.

(d) Program activity codes

Program activity codes are unique to each account and have no relationship to the codes shown in other schedules, except for credit programs. For obligations specific to credit accounts, use the 07xx series, as specified in the list of line numbers at the end of this chapter.

82.6 How do I report the budgetary resources available for obligation?

This section identifies the budgetary resources available for obligation in the account and provides detailed information on the new budget authority. This section is also used in the SF 133 report on budget execution and in the apportionment schedule.

(a) *Unobligated balance*

The entries include unobligated balances carried over from prior years and adjustments to those amounts (such as transfers of balances to and from other budget accounts and recoveries resulting from downward adjustments of prior-year unpaid obligations). The unobligated balances reported on schedule X do not include expired amounts or amounts unavailable for obligation. The end-of-year balances are shown as a memorandum entry on line 1941.

(b) *Budget authority*

The entries indicate the type of budget authority (such as appropriations, contract authority, spending authority from offsetting collections) and whether the authority:

- Is discretionary or mandatory; and
- Pertains to a special or trust fund account.

Separate entries identify adjustments resulting from transfers, temporary and permanent reductions, capital transfers, repayments of outstanding borrowing, etc.

Discretionary budget authority means budget authority under the jurisdiction of appropriations committees and controlled by annual appropriations acts. It includes budget authority provided in appropriations acts except where such authority funds direct-spending programs, such as appropriated entitlements. Use the appropriate discretionary entries to report budget authority that is classified as *discretionary* under the Balance Budget and Emergency Deficit Control Act of 1985 (BBEDCA), see sections 20.4(e) and 81.3.

Mandatory budget authority means budget authority resulting from permanent laws and includes programs the BBEDCA defines as "appropriated entitlements and mandatories," direct spending programs included in appropriations Act such as the Medicare program. Use the appropriate mandatory entries to report all budget authority that is classified as *mandatory* under the BBEDCA, as well as budget authority that is classified as *net interest*. Also use the appropriate mandatory entries to report budget authority associated with credit financing accounts.

(c) Entering policy and baseline budgetary resources data

Below is additional detail on entering the data into schedule X that will populate schedules A and S for budgetary resources and outlays.

BUDGETARY RESOURCES

Entry	Description
1160-xx to 1850-xx	Budget Authority. Includes total lines for each BEA category (e.g., discretionary, mandatory,) for the different budgetary authority types (i.e., appropriations, advance appropriations, borrowing authority, contract authority, spending authority from offsetting collections).
	Policy estimates of advance appropriations (line 1180) for BY+2 and beyond will be set equal to BY+1, unless OMB approves as exception.
1963–xx to 1966–xx	<i>Limitations.</i> MAX includes data on limitations for selected accounts where limitations on program level or administrative expenses are enacted or proposed.
	Limitation lines are also used, with OMB approval, for special purposes, such as to report information on mandatory administrative expenses for the social security and Medicare trust funds. The limitation(s) applicable to an account must be specified in advance in OMB database of account information before you can report limitation data in MAX. When more than one limitation is applicable, report each one separately. Supplemental requests and legislative proposals that involve limitations should be reported under the appropriate transmittal code.
	Mandatory budget authority that is subject to a discretionary limitation on obligations established in an appropriations act is scored as discretionary budget authority rather than as a limitation for all affected accounts except trust fund accounts in the Department of Transportation.
xxxx-40	Policy budget authority. The amounts on this line will be copied to schedule A.
	For <i>discretionary</i> policy budget authority and spending authority from offsetting collections, as a general rule, MAX automatically calculates entries for BY+1 through BY+9 based on the BY budgetary resources entered by the agency and growth factors entered by OMB.
	For discretionary spending authority from offsetting collections entries (line 1750), you may overwrite these amounts, if necessary.
	For <i>mandatory</i> budget authority and spending authority from offsetting collections, amounts will be copied from line xxxx–50 in transmittal code 0 only.

Entry	Description
xxxx-50	Baseline budget authority. The amounts on this line will be copied to schedule S.
	As mentioned in section $\underline{81.2}$, amounts on this line should be broken out by civilian pay/military pay/non-pay.
	For <i>discretionary</i> baseline budget authority and spending authority from offsetting collections, as a general rule, MAX automatically calculates entries for BY through BY+9 based on the CY budgetary resources entered by the agency and growth factors entered by OMB.
	For discretionary spending authority from offsetting collections (line 1750), you may overwrite these amounts, if necessary, to accurately reflect levels of activity anticipated under current law.
	For <i>mandatory</i> budget authority and offsetting collections, entries should reflect the levels of activity anticipated under current law.

(d) Entering policy and baseline outlay data

Discretionary outlays. MAX automatically calculates discretionary outlays (policy and baseline) for CY through BY+9 based on the information reported in schedule X for:

- The levels of budgetary resources reported;
- The percentage of new BA that is outlayed in the year the BA is provided and in each subsequent year (outlay rate); and
- Outlays from PY balances.

You report outlay rates using the separate MAX drop down menu that is accessible for each budgetary resource, as described in the MAX A–11 User's Guide (see exhibit <u>82B</u>). If necessary, you can report multiple outlay rates for the budgetary resources within an account, along with the corresponding outlays from PY balances. To support the automatic outlay generation feature in MAX, you must enter information developed using the method of calculation (i.e., the waterfall method) that is specified in this Circular and the MAX A–11 User's Guide (see exhibit <u>82C</u>). As a general rule, you cannot override automatically generated discretionary outlay amounts.

Mandatory outlays. If you enter outlay rates for mandatory resources, MAX will automatically generate the outlays. Remember to include information on outlays from PY balances if you use the automatic feature. Otherwise, you must enter mandatory outlays by hand for all years. A benefit of using outlay rates to calculate outlays is that MAX will automatically generate revised outlays if you change the BA, saving you the work of calculating and entering revised outlay estimates.

Outlays from new and prior authority. Outlays must be distributed between those from new authority and those from balances of prior authority. The distribution of prior authority should be available from accounting records. For CY through BY+9, estimate the distribution based on experience in the timing of outlays for the respective obligations.

The following line numbers indicate the type of outlays. You will enter these data in schedule X, and MAX will automatically copy them to schedules A and S.

OUTLAYS

Policy	Baseline	Description
xxxx-61	xxxx-81	Outlays from new authority. The outlays from new budget authority for that year.
		For outlays from discretionary and mandatory authority, the sum of all outlays from new authority may not exceed the sum of new budget authority entries (lines 11xx through 16xx) for that year.
		For outlays from spending authority from offsetting collections, outlays may not exceed the total amount reported on lines 1750 and 1850.
		Policy (xxxx-61) and baseline (xxxx-81) outlays from new authority will generally be the same for mandatory programs in all years and discretionary programs in the CY. Discretionary policy outlays may be different from baseline outlays if budget authority amounts are different between the two.
xxxx-62	xxxx-82	<i>Outlays from balances.</i> The outlays from balances (both obligated and unobligated) of budget authority brought forward from CY to BY+9.
		Policy (xxxx–62) and baseline (xxxx–82) outlays from balances will generally be the same for mandatory programs in all years and discretionary programs in the BY. Discretionary policy outlays may be different from baseline outlays if budget authority amounts are different between the two.
unobligated) of budget auth shown in the year the outlar		<i>Outlays from end of PY balances.</i> The outlays from balances (both obligated and unobligated) of budget authority brought forward from PY. Amounts should be shown in the year the outlay will be made, from CY to BY+9. Do not report outlays from new budget authority provided in CY to BY+9.
		This line can also be used to display the outlay impact (+ or –) of balance transfers (lines 1010 to 1031) and adjustments in expired accounts (line 3011, 3041).
		The sum of all years of the outlays from end of PY balances lines (xxxx-63) should not exceed the total end of PY balances plus PY unpaid obligations, end of year, plus or minus CY and BY balance transfers / adjustments.
		The amounts shown on baseline outlays from PY balances (xxxx-83) will be copied from policy outlays from PY balances (xxxx-63).

82.7 How do I report the change in obligated balances?

Obligated balances are composed of unpaid obligations (shown as positive amounts) and uncollected customer payments from Federal sources (shown as negative amounts). Unpaid obligations are obligations you have incurred but have not yet paid. Uncollected customer payments are money you're owed from Federal sources plus orders that have been placed with you by Federal sources, but you have not yet fulfilled. Only if an account has explicit legal authority to count orders from non-Federal sources as a budgetary resource may it do so.

Schedule X separately bridges between start and end of year unpaid obligations and uncollected customer payments from Federal sources. For unpaid obligations, new obligations are added to the start of year balance, and gross outlays are deducted. Adjustments, such as transfers of unpaid obligations are added or subtracted, as appropriate, and recoveries of prior-year unpaid obligations are subtracted to determine the unpaid obligations at the end of the year. For uncollected customer payments from Federal sources, adjustments, such as transfers of uncollected payments and the change in uncollected customer payments from Federal sources (both unexpired and expired), are added or subtracted, as appropriate, to determine the uncollected payments at the end of the year. In addition to reporting transactions in unexpired accounts, reflect outlays from and adjustments in expired (but not canceled) accounts.

82.8 How do I report budget authority and outlays, net?

This section of schedule X bridges between gross and net budget authority and outlays. It begins with mandatory and discretionary gross budget authority and outlays. Budget authority is reported for unexpired accounts only; outlays include both expired and unexpired accounts. Outlays are distinguished between outlays from new authority and from balances.

Next, cash collections of offsetting collections are shown as negative amounts that offset both gross budget authority and gross outlays. Following that are several items that further adjust only gross budget authority: changes in uncollected customer payments; offsetting collections credited to expired accounts; and recoveries of prior year paid obligations.

- (1) Increases in uncollected customer payments from the start to the end of the year increase the amount of the offset (and are shown as negative amounts in this section) because the increase constitutes an increase in gross budget authority; decreases reduce the amount of the offset because a decrease means that a portion of the offsetting collections (cash) received has been applied to liquidate obligations for which an offset was already counted.
- (2) Offsetting collections credited to expired accounts are shown as positive amounts here so that there is no total effect on budget authority of receiving a cash collection that is credited to an expired account. The amount on this line (line 4052 or 4142) and the amount in the cash collection line (e.g., 4030) have opposite signs and sum to zero. We do this because gross budget authority includes only unexpired amounts.
- (3) Recoveries of prior-year paid obligations credited to unexpired accounts are shown as positive amounts here so that there is no total effect on budget authority of receiving a cash refund that is credited to an unexpired account. The amounts on this line (line 4053 or 4143) and the amount on the cash collection line (e.g., line 4030) have opposite signs and sum to zero. We do this because gross budget authority does not include recoveries of prior-year paid obligations.

Finally, net outlays are shown as the sum of gross budget authority and outlays and any applicable offsets.

Below is additional detail on entering the data into schedule X that will populate schedules A and S for offsets.

OFFSETS

Entry	Description	
4030–xx to 4144–xx Offsets against gross budget authority and outlays Includes total lines for each BEA (e.g., discretionary, mandatory, see section 82.3 for line definitions) within the difference of offsetting collections (e.g., Federal sources, interest on Federal securities, interest uninvested funds, non-Federal sources, offsetting governmental collections from non sources, change in uncollected customer payments from Federal sources unexpired accounts and recoveries of prior-year paid of credited to unexpired accounts).		
xxxx-41	Policy offsetting collections. The amounts on this line will be copied to schedule A.	
	For discretionary policy offsetting collections, as a general rule, MAX automatically calculates entries for BY+1 through BY+9 based on the BY amounts entered by the agency and growth factors entered by OMB. You may overwrite these amounts, if necessary.	
xxxx-71	Baseline offsetting collections. The amounts on this line will be copied from policy offsetting collections (xxxx–41) and will be copied to schedule S.	
	For discretionary baseline offsetting collections, MAX automatically calculates entries for BY through BY+9 based on the CY amounts entered by the agency and growth factors entered by OMB.	

82.9 What memorandum information must I report on Schedule X?

Lines 5000–5201 of schedule X display supplementary information related to investments in Federal securities; investments in non-Federal securities, balances of contract authority, unavailable unobligated balances (derived from appropriations, borrowing authority, contract authority, offsetting collections), and discretionary mandated transfers. The amounts are not added or deducted from the budget authority or outlay amounts reported above.

In addition, certain accounts will use line 5250–00 to report on the annual average number of beneficiaries who are served by Federal hospital insurance, supplementary medical insurance, unemployment insurance, and rail industry pension fund programs. MAX uses this data to generate discretionary baseline budget authority for administrative expenses for these programs. Use only with OMB approval.

82.10 How do I show unfunded deficiencies that have not been liquidated?

Section <u>145</u> explains prohibited agency actions under the Antideficiency Act and associated reporting requirements when a violation is discovered.

Lines 7000–7020 of schedule X identify unfunded deficiencies that have not yet been liquidated by either a new appropriation that specifically authorizes amounts to be applied to the deficiency or by the administrative application of other budgetary resources not expressly provided to liquidate deficiencies.

82.11 What control totals do I need to tie to?

Some of the data you enter into MAX needs to tie to control totals. The following list is not exhaustive:

(a) Controls reported by the agency

The following is data that your agency has already reported. You must either tie to those controls, or, if appropriate, fix your other reporting:

GTAS. This data is drawn from the 4th quarter U.S. Standard General Ledger (USSGL) accounting information reported by your agency accounting office at the Treasury Appropriation Fund Symbol-level into a Treasury-operated system named Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS).

In the 2018 Budget, almost all the lines that are used to populate schedule X/P will be edit checked against your GTAS submission. The PY amounts on the edit checked schedule X/P lines must also equal the amounts reported in GTAS within a +/- one or two million tolerance. The following types of lines are not edit checked against GTAS:

- Individual obligations by program activities (X0001–X0899)
- Nonexpenditure transfers, e.g. appropriation transfers from other accounts (–) (X1120)
- Specific MAX-generated detail entries, e.g. obligations incurred, unexpired accounts (X3010)
- Specific MAX-generated subtotals and totals, e.g., total discretionary appropriations (X1160)
- Specific memorandum (non-add) entries, e.g. unobligated balance, SOY: contract authority (X5050)

PY net outlays (line X4190) and PY receipts (schedule R). This data is drawn from the following budget execution documents: FMS 224, FMS 1219, and FMS 1220. The data is loaded into MAX by OMB and locked. The PY net outlay amount on schedule X/P line 4190 must equal the net outlays reported in GTAS within a +/- one million tolerance.

- If you do not agree with the amount on line X/P 4190 "Outlays, net (discretionary and mandatory)", after the GTAS database is locked (late-October) and the amount is reported in GTAS and imported into MAX A–11, then you must submit a written explanation of the difference to your OMB representative before OMB will consider revising the amount. Since these types of issues generally require a revised Statement of Transactions, you must submit your explanation via a backdated Treasury document request at https://max.omb.gov/community/x/6YLrHQ. Applies to GTAS and non-GTAS users.
- Follow the process in the bullet above if your agency does not agree with the receipt actuals that have been imported into MAX schedule R from Treasury FMS 224 data. (See section <u>81.1</u>). Receipt account information is not collected via GTAS.

Non-Federal securities (*Market value*). Line X5011, Total investments, end of year: non-Federal securities: Market value is checked against amounts agencies report to Treasury's Bureau of the Fiscal Service in Business Event Type Codes associated with the previous subclasses 42 and 43 on the Statements of Transactions.

Credit. For Federal credit programs, credit subsidy cost data must match amounts approved by OMB. Control totals for schedule X reestimate and interest on reestimate obligations are verified against agency submissions to OMB through the Credit Supplement Report Exercise (CSR). For most programs, both control totals and schedule X obligation data for reestimates are automatically loaded into MAX, upon OMB approval.

Start of year balances. Start of year balances for investments in non-Federal securities (X 5010) and the unavailable balance of offsetting collections (X 5054) are checked against the end of year amount shown in the previous budget. If you disagree with this number, provide an explanation to your OMB representative for the discrepancy.

(b) *Controls reported by Treasury*

Interest earnings on Federal securities. Lines X4031 and X4121, Offsetting collections collected from interest on Federal securities are checked against amounts reported by Treasury's Bureau of the Fiscal Service.

Federal securities (Par value). Lines X5000 and X5001, Total investments, start and end of year: Federal securities: Par value is checked against amounts reported by Treasury's Bureau of the Fiscal Service.

Financing account interest. Lines X0713 (Obligations for payment of interest to Treasury) and X4122 (Offsetting collections from interest on uninvested funds) are checked against amounts reported by Treasury's Bureau of the Fiscal Service for financing accounts only.

Capital transfers. Lines X1022 (capital transfer of unobligated balances to general fund), X1235 (capital transfer of appropriations to general fund) and X1720/1820 (capital transfer of spending authority from offsetting collections to general fund) are checked against amounts reported by Treasury's Bureau of the Fiscal Service.

Unobligated balance transfers between expired and unexpired accounts. Line X1012 (unobligated balance transfers between expired and unexpired accounts) is checked against amounts reported by Treasury's Bureau of the Fiscal Service.

(c) Controls reported by OMB

For both the formulation of the Budget and for mid-session review, OMB provides control totals for net discretionary levels. There are three types of edit checks which compare net discretionary levels in MAX to OMB control totals.

- BA/Obligation Limitation Edit Check: The BA/OBLIM edit check sums line numbers 1160, 1340, 1540, 1180, and 1966 for each account and checks against the control total.
- Offsetting Collections and Spending Authority Check: This checks net totals for discretionary offsetting collections, spending authority, and orders on hand for each account (the sum of line numbers 1750 and the discretionary amounts for 4030, 4031, 4032, 4033, 4034, 4050, 4052, 4053, and 4054) against the account. A net total of zero is anticipated for most accounts.
- Offsetting Receipts Edit Check: This checks the total for discretionary offsetting receipts in schedule R for each account (e.g., line number 2004–03) against the control.

Contact your OMB representative about how to view reports comparing live MAX data to the OMB discretionary control totals.

CY net discretionary control totals. The OMB control totals are based on BEA scoring of enacted appropriations for CY. If there are no final enacted CY appropriations at the time, OMB will make a determination as to what funding levels to include in the CY column.

In some cases, OMB's control total may need to be updated (e.g., for updated offsetting collection or receipt estimates, for transfers, or for other technical updates). Please contact your OMB representative if a change is needed to a control total. You will need to provide a written explanation of the change and the enacted legislation supporting that explanation.

BY net discretionary controls for mid-session. The OMB control totals will be the net discretionary levels from the President's Budget, with limited changes based on:

- technical adjustments due to legislation enacted since the Budget's release
- budget amendments formally transmitted to the Congress
- corrections submitted to OMB's errata database

OMB anticipates very few changes to the net BY discretionary levels during mid-session. Please contact your OMB representative if you believe a change is needed to a control total. You will need to provide a written explanation of the change and the enacted legislation and/or Budget Appendix language supporting that explanation.

82.12 How do I resolve issues with my GTAS control totals?

(a) What actuals in schedule X are imported from the actual I reported to Treasury?

In order to reduce duplicate reporting while improving the consistency of year-end data, your agency accounting office reports U.S. Standard General Ledger (USSGL) accounting information at the Treasury account-level into a Treasury-operated system named Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), which was developed by agencies, Treasury, and OMB. The GTAS information is then translated/crosswalked and copied into the following reports:

- SF 133 Report on Budget Execution and Budgetary Resources (used to monitor SF 132 Apportionments and used as the basis of the audited Statement of Budgetary Resources); and
- Much of the PY column of schedule P.
- For more information about GTAS and the USSGL and crosswalks from the USSGL to schedule P, see USSGL Treasury Financial Manual (TFM) supplement located at http://www.fms.treas.gov/ussgl/index.html.

When year-end GTAS information is submitted, the information must not only pass a number of GTAS edit-checks, but a person separate from the "preparer" (i.e. data entry person) named a "certifier" must certify that the information is correct. In addition, GAO requires your auditors to determine whether controls exist to ensure that the amounts in your systems and the amounts submitted via GTAS agree. See GAO-02-126G "Guide for Auditing the Statement of Budgetary Resources".

On a daily basis, Treasury provides your agency with an Account Statement via the Governmentwide Accounting System. The Account Statement reflects all activity reported to Treasury. You are required to reconcile the Account Statement with your accounting system each month. At year-end, this reconciliation should be accomplished before submitting your GTAS data.

During the preparation of the Budget, refer to https://max.omb.gov/community/x/h4CpAg for budget season GTAS reports that include the following:

- MAX A–11 Issue Status Report GTAS only
- GTAS submissions that will lead to errors in MAX
- GTAS suppression requests (link)
- GTAS revision reports (link)
- GTAS TAFSs revised after 4th quarter window
- GTAS TAFSs with budgetary changes
- GTAS TAFSs with budgetary and proprietary changes

The following table summarizes the actions you need to take if MAX does not agree with GTAS editchecked amounts:

If an error is found	Then
Before GTAS and MAX A–11 agency lock-out	 Consult with your accounting office. Correct the amount in MAX A-11.
Financial audit was ongoing or complete	• Ensure that your accounting office revises the amount in GTAS. Your accounting office <i>must</i> revise both material and non-material amounts in GTAS.
	• Work with your accounting office to determine the source of the problem and internally develop a plan to make sure the problem does not recur in the future. Your accounting office will also need to talk with the financial statement auditors to determine whether your financial statements for the next reporting cycle should be restated or a footnote to the financial statements is required for the changes made in GTAS.
	• For limited situations where there appears to be insufficient budgetary accounting to support the budget presentation, submit a PY GTAS-related suppression request to https://max.omb.gov/community/x/kQJuFw . OMB will review the suppression requests on a case-by-case basis. Agency requests should include affected Treasury Appropriation Fund Symbol, MAX A–11 edit error, the amount of the adjustment in actual dollars, agency contact information, and an action plan that explores the various options to improve the budgetary accounting.

If an error	is found	
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After GTAS and MAX A-11 agency lock-out

AND

Financial audit was complete

- Consult with OMB representative.
- Submit a PY GTAS-related suppression request to https://max.omb.gov/community/x/kQJuFw for any situation where appropriate revisions were not made in the FY 2016 GTAS revision window. Refer to section 82.12(d) below.

Then...

- Submit a CY GTAS-related suppression request to https://max.omb.gov/community/x/kQJuFw for any situation where the certified end of year unobligated and/or obligated balance(s) differ from the balances shown in MAX A–11. Refer to section 82.12(d) below.
- Ensure that your accounting office revises the amount in GTAS no later than 2nd quarter FY2017 GTAS reporting window for both PY and CY changes. Include a statement in your action plan of your GTAS-related suppression request. Your accounting office *must* revise both material and nonmaterial amounts in GTAS.
- OMB will review the suppression requests on a case-by-case basis.
- The GTAS revision window will be open to agency accounting offices at the same time agency budget offices are working on the actual column (PY) data in the budget database. During this time, the GTAS-related suppression request exercise (https://max.omb.gov/community/x/kQJuFw) will also be available. Agencies may prepare suppression requests during and after the GTAS revision window. As a general rule, OMB will not suppress any MAX A–11 edit-checks related to GTAS data before the GTAS revision window closes.

While the GTAS revision window is open, OMB will use the revised GTAS data in its edit checks. If your agency accounting office has made all the appropriate revisions in GTAS, then your agency should have no edit-checks problems related to GTAS.

(b) What do I do if I do not agree with GTAS non-edit-checked PY amounts imported from Treasury?

You may over-write amounts imported from GTAS that are not edit-checked. However, before over-writing an amount in the PY column of Schedule P in MAX A-11, you should talk with the person who entered the data into GTAS to see why they entered that amount. If you both find that an amount reported via GTAS was incorrect, then over-write the amount and let the person who entered the information in GTAS know, so that they can revise it. This may indirectly impact other GTAS data that is edit checked.

(c) What do I need to do if a backdated Treasury document is required to revise MAX to report corrections to data for previous fiscal years?

If you have discovered an error in the budgetary reporting for a previous fiscal year, you may be required to record the correction as an adjustment to the data for the previous fiscal year, even though the action taken to correct the data occurs in the current year. This is because budgetary transactions must be booked against the fiscal year in which they were incurred so that they can be reconciled to the legal period of availability of the appropriations available at the time. Where necessary, Treasury will backdate the correction to the appropriate fiscal year, to prevent recording prior fiscal activity as current fiscal year activity. This is accomplished by filing a backdated Treasury document (Statement of Transactions, nonexpenditure transfer, or warrant), which shows both the date the correction is requested and a prior-year

adjustment attribute to backdate the change to the correct period. If this also requires making a change to MAX data, then you are required to submit a request in the exercise (located at https://max.omb.gov/community/x/6YLrHQ) and identify the appropriate information such as an explanation of why the error happened, affected Treasury Appropriation Fund Symbol, MAX A–11 edit error, the amount of the adjustment in actual dollars, an action plan, and agency contact information. Refer to Appendix F for more details.

Once you have submitted your request and your backdated document in the exercise, you may monitor the status of your request via the exercise. You should get PY-related matters like this taken care of as soon as the budget database opens so that you can concentrate on the BY column later.

The following table summarizes the actions you need to take to process a backdated Treasury document:

If an error is found	Then
Before GTAS and MAX A–11 agency lock-out	Consult with your accounting office.
AND Financial audit was ongoing or complete	 Submit a backdated Treasury document (Statement of Transactions, nonexpenditure transfer, or warrant) request to https://max.omb.gov/community/x/6YLrHQ if the action impacts line X/P 4190 "Outlays (net)" or receipt data. Contact Budget Reports Division if your request is accepted, line X/P 4190 or the receipt data will be centrally changed.
	• If the action impacts any line X/P other than line P 4190, ensure that your accounting office revises the amount in GTAS. Refer to section 82.11. Your accounting office <i>must</i> revise both material and non-material amounts in GTAS.
	• Work with your accounting office to determine the source of the problem and internally develop a plan to make sure the problem does not recur in the future. Your accounting office will also need to talk with the financial statement auditors to determine whether your financial statements for the next reporting cycle should be restated or a footnote to the financial statements is required for the changes made in GTAS.
After GTAS and MAX A-11 agency lock-out	Consult with OMB representative.
AND	 Submit a backdated Treasury document (Statement of Transactions, nonexpenditure transfer, and/or warrant)
Financial audit was complete	request to https://max.omb.gov/community/x/6YLrHQ . If the action impacts line X/P 4190 "Outlays (net)" or receipt data, OMB will update MAX if the request is approved.
	 If the action impacts any line X/P other than line X/P 4190, submit a PY GTAS-related suppression request to https://max.omb.gov/community/x/kQJuFw for any situation where appropriate revisions were not made in the FY 2016 GTAS revision window. Refer to section 82.12(d) below.
	• If the action impacts any line X/P other than line X/P 4190, submit a CY GTAS-related suppression request to https://max.omb.gov/community/x/kQJuFw for any situation where the certified end of year unobligated and/or obligated balance(s) differ from the balances shown in MAX A–11. Refer to section 82.12 (d) below. OMB will review the

suppression requests on a case-by-case basis.

(d) Why do I need to revise GTAS if I do not agree with PY amounts imported from Treasury?

Before the MAX A–11 agency lock-out, the GTAS database opens for revisions. You must revise the incorrect information in GTAS because the revised GTAS database is used as a basis for revised SF 133s, audited Statements of Budgetary Resources (if material), and central analysis. Information is copied from GTAS to MAX A–11 once per year before MAX A–11 opens to agency budget offices. However, information is never copied from MAX A–11 to GTAS.

Revisions are intended to help you correct errors (not to give you extra time to verify your data) and should be used sparingly. The primary purpose of this revision period is to make GTAS consistent with the amounts in the prior-year column of the Budget. Consult with the financial statement auditors to determine whether your financial statements for the next reporting cycle should be restated or a footnote to the financial statements is required for the changes made in GTAS that result in differences between the Statement of Budgetary Resources and the Budget. For GTAS reporting periods, see http://www.fms.treas.gov/factsii/.

(e) What actions do I need to take if I changed amounts imported from GTAS in MAX A–11 for the Budget but did not change them in the GTAS revision window?

Before OMB will suppress any PY or CY GTAS-related edit error request, agencies must submit a suppression request to https://max.omb.gov/community/x/kQJuFw and identify the appropriate information such as affected Treasury Appropriation Fund Symbol, MAX A–11 edit error, the amount of the adjustment in actual dollars, an action plan, and agency contact information.

If the changes *do not affect ending balances* (e.g., changes to discretionary versus mandatory coding), you do not need to make changes in GTAS in the next fiscal year GTAS reporting window. For example, if you changed an appropriation from mandatory to discretionary, this change does not impact the ending balances. Therefore, no change is required in GTAS after the revision window has closed.

If the changes *affect ending balances* (e.g., changes to amounts of budget authority, obligations incurred, gross outlays, beginning balances), you will need to make changes in GTAS in the next fiscal year GTAS reporting window. You should consult with the person who entered the data into GTAS. If you both agree that the amount should have been revised in GTAS, then the person who entered the information in GTAS should adjust the appropriate beginning balances (whether material or non-material) in the next fiscal year GTAS reporting window. For example, if you increased the amount of obligations incurred (but not disbursed) by 100, then the ending unobligated balance would decrease by 100, and the obligated balance would increase by 100. Therefore, the beginning unobligated balance reported in the preceding fiscal year GTAS reporting window should be decreased by 100, and the beginning obligated balance reported in the preceding fiscal year GTAS reporting window should be increased by 100.

Until changes are made in both GTAS and MAX A-11, there will be an ongoing difference in the balances reported in GTAS and the Budget.

(f) How can I prepare?

Actuals reported in the budget must be consistent with amounts reported to Treasury and must be based on actual accounting data. Review any differences from last year's actuals reported to Treasury at https://max.omb.gov/community/x/HAAQAw to prevent these differences from reoccurring. The website also includes reports that show FY 2014 quarterly GTAS submissions and how they would crosswalk into schedule P.

Typically, one group within your agency (for example, the accounting office) reports amounts to Treasury (see section 130.2), while another group (for example, the budget office) prepares budget schedules. Before your accounting office submits its actuals to Treasury in GTAS (described below), you must ensure that

the amounts are conceptually and numerically consistent with the amounts that you are going to report in MAX A-11. GTAS facilitates, and to a large extent eliminates the need for, this reconciliation.

Consult with your accounting office for any differences that you are aware of and review your obligations and balances reported on your quarterly SF 133 throughout the year. Also, review any differences from last year at https://max.omb.gov/community/x/HAAQAw to prevent these differences from reoccurring.

82.13 What amounts in schedule X need to tie to other schedules?

The data you enter into schedule X needs to tie to data in other schedules. The following list is not exhaustive:

(a) Other schedules in the same account

All accounts, not including financing accounts

- Schedule O (obligations): The total obligations you report in the Obligations by program activities section of schedule X must equal the total obligations you report in schedule O, the object classification schedule. In addition, the breakdown of direct vs. reimbursable obligations must be the same as in O, with a small rounding tolerance.
- Schedule C (net BA and outlays): Net policy BA and outlays you report in schedule X must match, by subfunction, the net BA and outlays reported in schedule C, the character classification schedule. If you have only one BA line and one outlay line in schedule C, MAX will generate these amounts for you.
- Schedule T (pre-transfer appropriations): The pre-transfer policy BA you report in schedule X as controlled by the appropriations committee must match the BA you report in schedule T, the schedule for the budget year appropriations request in thousands of dollars.

Credit accounts only

- Schedule U (obligations and outlays): In credit program accounts, the obligations you report on lines 0701–0709 in schedule X must tie to schedule U. In addition, the gross outlays you report in schedule U cannot exceed the gross outlays you report in schedule X on lines xxxx–61, xxxx–62, and xxxx–63.
- Schedules G and H (obligations): In credit financing accounts, obligations you report on lines 0710–0744 in schedule X must tie to schedule G for direct loan financing accounts or schedule H for guaranteed loan financing accounts.
- Schedule Y (net financing disbursements): In credit financing accounts, the net financing disbursements you report on line 4190 of schedule X must match the policy net financing disbursements you report in schedule Y.

(b) Schedules in other accounts

- Nonexpenditure transfers: When you enter a line in schedule X for a nonexpenditure transfer to or from another account, you must enter the primary Treasury account code associated with that account. The amounts you enter for your account must match the amounts entered in the other account for PY through BY.
- Credit accounts: Transactions between program accounts, financing accounts, and receipt accounts for the same program must match. For example, if the program account reports negative subsidies

in schedule U on lines x341–99, the same amount must be reported in the associated financing accounts on line 0740 in schedule X and in the associated negative subsidy receipt account.

• Interfund account: For general fund accounts that make payments to trust fund accounts, the amounts paid by the general fund account must match the amounts received by the trust fund account.

82.14 How do I present transfers of resources?

Transfers between agencies resulting from Presidential reorganization plans or enacted reorganization legislation may involve unique problems. Agency staff must consult with OMB representatives in each instance. When the gaining agency assumes *all* of the activities previously financed under a single account in another agency, as a general rule, the losing agency should omit budget schedules and appropriation language for the affected account and the gaining agency should show the transferred activities and appropriation language with its schedules. Use footnotes to identify the amounts involved. (See section 82.13 for an example of how the footnote should be worded and section 95 for guidance on submitting the footnotes for printing.)

82.15 How do I present transfers in the estimates?

When a transfer in the estimates (see section 20.4(k)) for the budget year results in a significant increase to or decrease from the amount of budget authority for the past or current year, include footnotes explaining the transfer after the program and financing schedule. (See section 95 for guidance on submitting the footnotes for printing.)

For the account assuming the responsibility, use the following footnote:

Note—Includes \$_million in budget authority in BY for activities previously financed from:

PY CY

[List the full title of each losing account, including agency and bureau, and the budget authority amount applicable to each. Where it is appropriate to show the amount on some other basis, such as obligations, you may modify the footnote accordingly.]

If the entire BY estimate is for the transferred activity, the footnote may be worded, "BY estimate is for activities previously financed from [List agency, bureau, and account title]."

For the account losing the activity, use the following footnote:

Note—Excludes \$_million in budget authority in BY for activities transferred to:

[List the title of each gaining account, including agency and bureau, and the budget authority amount applicable to each. Where it is more appropriate to show the amount on some other basis, such as obligations, modify the footnote accordingly.]

Comparable amounts for PY (\$_million) and CY (\$_million) are included above.

You only need to provide a transfer in the estimates footnote in the year the transfer proposal is made. If you use more than one footnote, include them under a centered heading, "NOTES." Modify the wording of footnotes as necessary to explain current year transfers.

At the discretion of OMB, transfers in the estimates may be shown on a three-year comparable basis. If they are, the footnotes should be modified accordingly.

82.16 How do I present merged accounts?

Where two or more appropriations have been or are proposed to be replaced by a single appropriation (see section $\frac{79.4(h)}{h}$), submit a single set of schedules for the new appropriation.

When you merge accounts, you may find it helpful to append a distribution of budget authority and outlays by account to the bottom of the program and financing schedule. For accounts where you have created a distribution table, list each merged budget account by name and provide data for PY through BY.

82.17 How should I treat allocation accounts?

Combine schedule P information for allocation accounts with the parent account without separate identification (see section 20.4(1)).

82.18 What should I know about the individual lines in schedule X?

Use the entries in the following tables to prepare the individual lines in schedule X. MAX will automatically generate the line entries indicated in **bold face**.

OBLIGATIONS BY PROGRAM ACTIVITY

This section only includes obligations by program activity in unexpired Treasury Appropriation Fund Symbols.

Entry	MAX Details	
All accounts:		
0xxx	The first digit will always be zero (0).	
Non-credit programs:	The line codes are unique to each account and have no relationship to information shown in other schedules.	
Direct programs (0001–0799):	For the second digit, use the values 0 through 7 to identify the activity or subactivity group.	
0xXX	For the third and fourth digits, use the values 01 through 89 to identify activity or subactivity detail items. Any number sequence in this range is valid.	
	For subtotals, use the values 91 through 98 as follows:	
	• Xx91—Subtotal for a single group of detail lines (e.g., 0001–0089)	
	• Xx92—Subtotal of two groups of detail lines (e.g., 0001–0189)	
	• Xx93—Subtotal of three groups of detail lines (e.g., 0001–0289)	
	Use the value $0x00$ for running subtotals (e.g., 0500 = the sum of detail lines 0001 – 0489).	
	MAX will generate line 0799 for the total direct obligations if there are multiple direct detail lines and at least one reimbursable detail line.	
Reimbursable programs (0800–0899):	If coding requirements for reimbursable programs create difficulties in developing the account display, consult with OMB.	
	The second digit will always be 8.	
08Xx	For the third digit, use the values 0 through 8; for the fourth digit, use the values 1 through 8 to identify activity or subactivity detail items.	

Entry	MAX Details	
08xX	For subtotals, use the value 9 for the fourth digit as follows:	
	 0809—Subtotal of activities on lines 0801 through 0808 	
	• 0819—Subtotal of activities on lines 0810 through 0818	
	 0829—Subtotal of activities on lines 0820 through 0828 	
	0839—Subtotal of activities on lines 0830 through 0838	
	0859—Subtotal of activities on lines 0840 through 0858	
	• 0869—Subtotal of activities on lines 0860 through 0868	
	0879—Subtotal of activities on lines 0870 through 0878	
	•	
	 0889—Subtotal of activities on lines 0880 through 0888 MAX will generate line 0899 for the total reimbursable obligations if there are multiple reimbursable detail lines and at least one direct detail line. 	
Credit activities:	Use the following standard line coding scheme for credit programs. See sections 185.11 and 185.12 for more information on requirements related to credit financing and liquidating accounts.	
	unts: The following lines are generated from information submitted through the Credit tercise (CSR): 0705, 0706, 0707, 0708, 0742, 0743.	
0701	Direct loan subsidy	
0702	Loan guarantee subsidy	
0703	Subsidy for modifications of direct loans	
0704	Subsidy for modifications of loan guarantees	
0705	Reestimates of direct loan subsidy	
0706	Interest on reestimates of direct loan subsidy	
0707	Reestimates of loan guarantee subsidy	
0708	Interest on reestimates of loan guarantee subsidy	
0709	Administrative expenses	
Credit financing accounts:		
0710	Direct loan obligations	
0711	Default claim payment on principal	
0712	Default claim payments on interest	
0713	Payment of interest to Treasury	
0715–0739	Other	
0740	Negative subsidy obligations	
0741	Modification savings	
0742	Downward reestimates paid to receipt accounts	
0743	Interest on downward reestimates	
0744	Adjusting payments to liquidating account	

Entry	MAX Details
All accounts:	
0900	Total new obligations, unexpired accounts. MAX will generate this line from the detail amounts on the detail lines 0001 to 0899. Equals line 3010.

BUDGETARY RESOURCES

This section only includes budgetary resources from unexpired Treasury Appropriation Fund Symbols.

	Entry	MAX Details
Unobli	igated balance:	
1000	Unobligated balance brought forward, Oct 1	For CY and BY, MAX automatically generates this entry from the end of year amounts reported on line 1941 for the previous year
		If unobligated balances are used to liquidate deficiencies, report the amount used as an adjustment on line 1901; do not reduce the amount on line 1000.
		For PY, this amount must tie to the PY end of year amounts reported in GTAS for 2015, including all changes made during the 2015 GTAS revision window.
1001	Discretionary unobligated balance brought forward, Oct 1	Portion of amount shown on line 1000 that is classified as discretionary in PY and CY. The amount on this line cannot exceed the amount on line 1000.
Nonex	penditure transfers:	
1010	Unobligated balance transferred to other accounts (–)	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
1011	Unobligated balance transferred from other accounts	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
1012	Unobligated balance transfers between expired and unexpired accounts	Use lines 1105/1204 for reporting expired balance transfers that are classified as reappropriations.
1013	Unobligated balance of contract authority transferred to or from other accounts (net) (+ or –)	This line is only for use by the Department of Transportation.
		Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Adjusti	ments:	
1020	Adjustment to unobligated balance carried forward, Oct 1 (+ or –)	Changes to the PY start of year balances made after the 2015 GTAS revision window closed. Use only for PY, unless specifically approved by OMB for CY.
1021	Recoveries of prior year unpaid obligations	Equals line 3040, but with opposite sign. Use only for PY or CY if recoveries have already occurred prior to transmittal of the budget—unless specifically approved in advance by OMB.
		Note: Report recoveries of prior-year obligations in expired accounts on line 3041.

	Entry	MAX Details
1022	Capital transfer of unobligated balances to general fund (–)	
1023	Unobligated balances applied to repay debt (–)	
1024	Unobligated balance of borrowing authority withdrawn (–)	The sum of the amounts on lines 1024 and 1025 with the opposite sign cannot exceed the amount on line 1021.
		Note: When new appropriations or new offsetting collections are used to liquidate obligations initially incurred against borrowing authority, report the amounts on lines 1139, 1239, 1728, or 1827, as appropriate.
1025	Unobligated balance of contract authority withdrawn (–)	The sum of the amounts on lines 1024 and 1025 cannot exceed the amount on line 1021.
		Note: When new appropriations or new offsetting collections are used to liquidate obligations initially incurred against contract authority, report the amounts on lines 1137, 1238, 1727, or 1826, as appropriate.
1026	Adjustment for change in allocation of trust fund limitation or foreign exchange valuation	This line is only for use by the Social Security Administration, the Department of Health and Human Services, and the Department of the Treasury.
1027	Adjustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds)	Use only for special and non-revolving trust funds.
1028	Adjustment in unobligated balances for change in investments of zero coupon bonds (revolving funds)	Use only for revolving funds.
1029	Other balances withdrawn to Treasury (–)	
1030	Other balances withdrawn to special or trust funds (–)	Equals line 1950, but with opposite sign.
1031	Other balances not available (-)	
1032	Refunds and recoveries temporarily precluded from obligation (special and trust funds)(–)	
1033	Recoveries of prior year paid obligations	Equals the sum of lines 4053 and 4143. Use only for PY or CY if recoveries have already occurred prior to transmittal of the budget—unless specifically approved in advance by OMB.
1034	Adjustment for unobligated balance used to liquidate deficiencies (–)	Report the amount of unobligated balance used to liquidate obligations that were incurred in a prior fiscal year without sufficient budget authority to legally cover such obligations.
1035	Unobligated balance precluded from obligation (limitation on obligations) (-)	Use only for special and non-revolving trust funds.
1050	Unobligated balance (total)	Automatically generated by MAX.

Entry	Discre- tionary	Man- datory	MAX Details
Budget authority:			
Appropriations:			
Appropriation	1100	1200	For indefinite authority, record only the amount that will be obligated.
Appropriation (special or trust fund)	1101	1201	
Appropriation (previously unavailable)	1102	1203	This line is used to calculate line 5093 for revolving funds that had appropriations previously sequestered. Use only with OMB approval.
Appropriation available from subsequent year	1103	n/a	Use only in PY and CY and only with OMB approval.
Appropriation available in prior year (–)	1104	n/a	Use only in PY and CY and only with OMB approval.
Reappropriation	1105	1204	Use line 1012 for transfers of expired balances to unexpire accounts that are not considered to be reappropriations.
Nonexpenditure transfers:			
Appropriations transferred to other accounts (–)	1120	1220	For transfers pursuant to proposed appropriations law of mandatory funding to be used for otherwise discretionary activities, show the transfer on line 1120 in the losing account, using the BBEDCA classification for a discretionary, modification of a mandatory program and or line 1121 in the receiving account, using the appropriate BBEDCA classification for that account. However, if the losing account is an entitlement program, report the transfer on line 1220 in the losing account and on line 1121 in the receiving account, using the appropriate BBEDCA classifications for the respective accounts.
			For transfers pursuant to existing law of mandatory funding to be used for otherwise discretionary activities (generally in PY and CY), show the transfer on line 1220 in the losing account and on line 1121 in the receiving account, using the appropriate BBEDCA classifications for the respective accounts. Consult your OMB representative about suppressing any MAX error messages that occur. Identify each account involved in each transfer (gaining)
			and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Appropriations transferred from other accounts	1121	1221	For transfers of mandatory funding to be used for otherwis discretionary activities, see the guidance under lines 1120/1220.
			Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Adjustments:			
Appropriations permanently reduced (–)	1130	n/a	

Entry	Discre- tionary	Man- datory	MAX Details
Unobligated balance of appropriations permanently reduced (–)	1131	n/a	
Appropriations and/or unobligated balance of appropriations permanently reduced (–)	n/a	1230	For unobligated balance of appropriations permanently reduced, use only for PY or CY unless specifically approved by OMB.
Appropriations temporarily reduced (–)	1132	n/a	This line is used to calculate line 5093 for revolving funds that have sequestered appropriations.
Unobligated balance of appropriations temporarily reduced (–)	1133	n/a	Use only for special and non-revolving trust funds in PY and CY.
Appropriations and/or unobligated balance of appropriations temporarily reduced (–)	n/a	1232	This line is used to calculate line 5093 revolving funds that have sequestered appropriations. Use only for PY and CY unless specifically approved by OMB.
Appropriations precluded from obligation (–)	1134	1234	When the amount becomes available for obligation, report it on line 1203. Use only with OMB approval.
Capital transfer of appropriations to general fund (–)	n/a	1235	This line is only for use by the Department of Education.
Appropriations applied to repay debt (–)	1135	1236	
Appropriations applied to liquidate contract authority (–)	1137	1238	
Appropriations applied to liquidate contract authority withdrawn (–)	1138	n/a	Use only in PY or CY and only with OMB approval.
Appropriations substituted for borrowing authority (–)	1139	1239	
Appropriation (total)	1160	1260	Automatically generated by MAX.
Advance Appropriations:			
Advance appropriation	1170	1270	
Advance appropriation (special or trust fund)	1171	1271	
Nonexpenditure transfers:			
Advance appropriations transferred to other accounts	1172 (-)	1272	Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Advance appropriations transferred from other account	1173 nts	1273	
Adjustments:			
Advance appropriations permanently reduced (–)	1174	1274	For line 1274, no BY amount can be entered.

Entry	Discre- tionary	Man- datory	MAX Details
Advance appropriations temporarily reduced (–)	1175	1275	
Advance appropriation (total)	1180	1280	Automatically generated by MAX.
Borrowing authority:			
Borrowing authority	1300	1400	Amount of new borrowing authority. For indefinite authority, record only the amount that will be obligated.
Adjustments:			
Borrowing authority permanently reduced (–)	1320	1420	For line 1420, no BY amount can be entered.
Borrowing authority temporarily reduced (–)	n/a	1421	For borrowing authority temporarily reduced via sequestration, no amount can be entered for BY. Use only for revolving, special, and non-revolving trust funds.
Borrowing authority applied to repay debt (–)	n/a	1422	Use only in financing accounts in PY unless specifically approved by OMB.
Borrowing authority precluded from obligation (limitation on obligations) (–)	n/a	1423	This line is only for use by the U.S. Department of Agriculture.
Borrowing authority (total)	1340	1440	Automatically generated by MAX.
Contract authority:			
Contract authority	1500	1600	Amount of new contract authority. For indefinite authority, record only the amount that will be obligated.
Contract authority (previously unavailable)	n/a	1603	Use only with OMB approval.
Nonexpenditure transfers:			
Contract authority transferred to other accounts (–)	1510	1610	Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Contract authority transferred from other accounts	1511	1611	Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
Adjustments:			
Contract authority and/or unobligated balance of contract authority permanently reduced (–)	1520	1620	For contract authority permanently reduced, no amount can be entered for BY. For unobligated balance of contract authority permanently reduced, use only for PY of CY unless specifically approved by OMB.
Contract authority temporarily reduced (–)	n/a	1621	For contract authority temporarily reduced via sequestration, no amount can be entered for BY. This line is only used by the Departments of the Interior and Transportation.

Entry	Discre- tionary	Man- datory	MAX Details
Contract authority precluded from obligation (limitation on obligations) (-)	1522	1622	Use only with OMB approval.
Contract authority (total)	1540	1640	Automatically generated by MAX.
Spending authority from offsetting collections:			As a general rule, spending authority from offsetting collections from Federal sources should be classified as mandatory or discretionary based on the activities for which the offsetting collections are outlayed and spending authority from offsetting collections from non-Federal sources should be classified based on whether the legislative language that created the collection is in authorizing legislation or appropriations act (see section 81.2).
Collected	1700	1800	
Change in uncollected payments, Federal sources (+ or –)	1701	1801	The amounts reported on these lines are added and automatically copied to line 3080, but with the opposite sign.
			Additionally, lines 1701 and 1801 are automatically copied to lines 4050 and 4140 respectively, but with the opposite sign.
Offsetting collections (previously unavailable)	1702	1802	Amount previously reported as precluded from obligation on line 1725 or 1824 and as temporary reduction on line 1723 or 1823 that will be available for obligation.
Nonexpenditure transfers: Spending authority from offsetting collections	1710	1810	Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic
transferred to other			account symbol (see section 79.2 and Appendix C).
accounts (–)			Note: Although the spending authority is transferred to another account, the offsetting collection will be credited to the account that initially received the collection on lines 4030 through 4034 or 4120 through 4124, as appropriate.
Spending authority from offsetting collections transferred from other	1711	1811	Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
accounts			Note: Although the spending authority is transferred from another account, the offsetting collection will be credited to the account that initially received the collection on lines 4030 through 4034 or 4120 through 4124.
Adjustments:			
Capital transfer of spending authority from offsetting collections to general fund (–)	1720	1820	Primarily used by revolving funds; however, may be used by other accounts with OMB approval.
Spending authority from offsetting collections permanently reduced (–)	1722	1822	Use only in PY and CY.

Entry	Discre- tionary	Man- datory	MAX Details
New and/or unobligated balance of spending authority from offsetting collections temporarily reduced (–)	1723	1823	Use only in PY and CY.
Spending authority from offsetting collections precluded from obligation (limitation on obligations) (–)	1725	1824	When the amount becomes available for obligation, report it on line 1702 or 1802. Use only with OMB approval.
Spending authority from offsetting collections applied to repay debt (–)	1726	1825	
Spending authority from offsetting collections applied to liquidate contract authority (–)	1727	1826	
Spending authority from offsetting collections substituted for borrowing authority (–)	1728	1827	
Spending authority from offsetting collections (total)	1750	1850	Automatically generated by MAX.
Budget authority (total)	1900	1900	Automatically generated by MAX.
Adjustment for budget authority used to liquidate deficiencies (–)	1901	1901	Report the amount of new budget authority used to liquidate obligations that were incurred in a prior fiscal year without sufficient budget authority to legally cover such obligations. The line adjusts the total budgetary resources available for new obligations without reducing the amount of budget authority appropriated.
Total budgetary resources available	1930	1930	Automatically generated by MAX. Sums the adjusted amounts of unobligated balances and budget authority.

Memorandum (non-add) entries:

Entries include data from unexpired and expired Treasury Appropriation Fund Symbols.

	Entry	MAX Details
All Ac	counts:	
1940	Unobligated balance expiring (–)	
1941	Unexpired unobligated balance, end of year	Automatically generated from the sum of the detailed entries on lines 1930 plus 1940 minus 0900.

	Entry	MAX Details			
Specia	Special and non-revolving trust funds only:				
1950	Other balances withdrawn and returned to unappropriated receipts	Automatically copied from line 1030, but with the opposite sign.			
1951	Unobligated balance expiring	Use only for accounts with schedule J (see section <u>86.3</u>). Automatically generated by MAX.			
1952	Expired unobligated balance, start of year	Use only for accounts with schedule J (see section <u>86.3</u>). Automatically generated by MAX. Amount excluded in the start of year unobligated balances reported on line 1000 in special and non-revolving trust funds that must be included in the unexpended balances reported on schedule J line 0100.			
1953	Expired unobligated balance, end of year	Use only for accounts with schedule J (see section <u>86.3</u>). Amount excluded from the end of year unobligated balances reported on line 1941 in special and non-revolving trust funds that must be included in the unexpended balances reported on schedule J line 4999.			
1954	Unobligated balance canceling				
1955	Other balances withdrawn and returned to general fund				

CHANGE IN OBLIGATED BALANCE

This section only includes change in obligation balances from unexpired and expired Treasury Appropriation Fund Symbols.

	Entry	MAX Details
Unpaid	d obligations:	
3000	Unpaid obligations, brought forward, Oct 1	MAX copies CY and BY from the end of year amount reported on line 3090 for the previous year.
		For PY, this amount must tie to the PY end of year amounts reported in GTAS for 2015, including all changes made during the 2015 GTAS revision window.
3001	Adjustment to unpaid obligations, brought forward, Oct 1 (+ or –)	Report any changes to the PY start of year balances made after the 2015 GTAS revision window closed. Use only for PY, unless specifically approved by OMB.
3010	New obligations, unexpired accounts	Automatically generated by MAX.
3011	Obligations ("upward adjustments"), expired accounts	Use only for PY, unless specifically approved by OMB.
3020	Outlays (gross) (-)	Automatically generated by MAX.
3030	Unpaid obligations transferred to other accounts (–)	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).

	Entry	MAX Details
3031	Unpaid obligations transferred from other accounts	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
3040	Recoveries of prior year unpaid obligations, unexpired accounts (–)	Automatically copied from line 1021, but with the opposite sign.
3041	Recoveries of prior year unpaid obligations, expired accounts (–)	Use only for PY, unless specifically approved by OMB.
3050	Unpaid obligations, end of year	Automatically generated by MAX.
Uncoll	ected payments:	
3060	Uncollected pymts, Fed sources, brought forward, Oct 1 (-)	MAX copies CY and BY from the end of year amount reported on line 3090 for the previous year.
		For PY, this amount must tie to the PY end of year amounts reported in GTAS for 2015, including all changes made during the 2015 GTAS revision window.
3061	Adjustment to uncollected pymts, Fed sources, brought forward, Oct 1 (+ or –)	Report any changes to the PY start of year balances made after the 2015 GTAS revision window closed. Use only for PY, unless specifically approved by OMB.
3070	Change in uncollected pymts, Fed sources, unexpired accounts (+ or –)	Automatically generated by MAX.
3071	Change in uncollected pymts, Fed sources, expired accounts (+ or -)	
3080	Uncollected pymts, Fed sources transferred to other accounts	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
3081	Uncollected pymts, Fed sources transferred from other accounts (-)	Note: You must identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
3090	Uncollected pymts, Fed sources, end of year (–)	Automatically generated by MAX.

*Memorandum (non-add) entries:*Entries include data from unexpired and expired Treasury Appropriation Fund Symbols.

	Entry	MAX Details
3100	Obligated balance, start of year (+ or –)	For PY, this amount must tie to the PY end of year amounts reported in GTAS for 2015 including all changes made during the 2015 GTAS revision window. Automatically generated by MAX.
3200	Obligated balance, end of year (+ or –)	Automatically generated by MAX.

BUDGET AUTHORITY AND OUTLAYS, NET

This section includes budget authority from unexpired Treasury Appropriation Fund Symbols; and outlays and offsets from unexpired and expired Treasury Appropriation Fund Symbols.

Entry	Discre- tionary	Man- datory	MAX Details
Gross budget authority and o	outlays:		
Budget authority, gross	4000	4090	Automatically generated by MAX.
Outlays, gross			
Outlays from new authority	4010	4100	
Outlays from balances	4011	4101	
Outlays, gross (total)	4020	4110	Automatically generated by MAX. For credit financing accounts, use line 4110 instead of lines 4100 and 4101.

Offsets against gross budget authority and outlays:

Offsetting collections (collected) from:

Identify the source of the payment (see the descriptions below). Use subentries when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc.

Federal sources (–)	4030	4120	
Interest on Federal securities (–)	4031	4121	
Interest on uninvested funds (-)		4122	
Non-Federal sources (–)	4033	4123	Use line titles to identify separately the primary sources of collections. Small amounts may be aggregated. See exhibits 185C, 185F and 185I.
Offsetting governmental collections (–)	4034	4124	Use line titles to identify separately the primary sources of collections.
Offsets against gross budget authority and outlays (total) (–)	4040	4130	Automatically generated by MAX.

Additional offsets against gross budget authority only:

Additional offsets against gro	ss budget a	uthority onl	ly:
Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)	4050	4140	Automatically generated by MAX.
Offsetting collections credited to expired accounts	4052	4142	
Recoveries of prior year paid obligations, unexpired accounts	4053	4143	The sum of lines 4053 and 4143 equals the amount on line 1033.
Additional offsets against budget authority only (total)	4060	4150	Automatically generated by MAX.
Budget authority, net	4070	4160	Automatically generated by MAX.

Entry	Discre- tionary	Man- datory	MAX Details
Outlays, net	4080	4170	Automatically generated by MAX.
Budget authority and outlay	s, net (total):		
Budget authority, net (total)	4180	4180	Automatically generated by MAX. This line will always be used, even if the amount is zero.
Outlays, net (total)	4190	4190	Automatically generated by MAX. This line will always be used, even if the amount is zero.

Memorandum (non-add) entries:

	Entry	MAX Details
Investn	nents in Federal securities:	Report the par value of Federal securities; do not reflect unrealized discounts. Include all the balances invested at the start of the year, including those that are not available for obligation, i.e., those reported in the schedule on special and trust fund receipts (MAX schedule N). If a special or trust fund has multiple expenditure accounts, report the invested portion of the unavailable collections in schedule P of the account that receives the largest appropriation from the fund.
5000	Total investments, SOY: Federal securities: Par value	MAX copies CY and BY from the end of year amounts reported on line 5001 for the previous year.
5001	Total investments, EOY: Federal securities: Par value	
Investn	nents in non-Federal securities:	Report the market value of non-Federal securities. Include all the balances invested at the start of the year, including those that are not available for obligation, i.e., those reported in the schedule on special and trust fund receipts (MAX schedule N). Include changes in the value of the account's portfolio due to purchases, sales, and market conditions.
5010	Total investments, SOY: non-Federal securities: Market value	MAX copies CY and BY from the end of year amounts reported on line 5011 for the previous year.
5011	Total investments, EOY: non-Federal securities: Market value	
Contra	ct authority:	Contract authority is unfunded. When appropriation or offsetting collections are provided to liquidate contract authority, the amounts are no longer considered to be contract authority, and should be excluded from the balances of contract authority reported below.
5050	Unobligated balance, SOY: Contract authority	Cannot exceed the amount on line 1000 of the program and financing schedule. MAX copies CY and BY from the end of year amounts reported on line 5051 for the previous year.
5051	Unobligated balance, EOY: Contract authority	Cannot exceed the amount on line 1941 of the program and financing schedule.
5052	Obligated balance, SOY: Contract authority	Cannot exceed the amount on line 3000 of the program and financing schedule. MAX copies CY and BY from the end of year amounts reported on line 5053 for the previous year.

	Entry	MAX Details
5053	Obligated balance, EOY: Contract authority	Cannot exceed the amount on line 3090 of the program and financing schedule.
5054	Fund balance in excess of liquidating requirements, SOY: Contract authority	MAX copies CY and BY from the end of year amounts reported on line 5055 for the previous year.
5055	Fund balance in excess of liquidating requirements, EOY: Contract authority	
5061	Limitation on obligations (Transportation trust funds)	Automatically generated by MAX from information on limitations reported in schedule X (see section 81.3).
	nding debt (special and non-revolving nds only):	The amount of outstanding debt, SOY and EOY and borrowing including repayable advances. Only applies to special and non-revolving trust funds in USDA, DoC, DoE, DoL and RRB.
5080	Outstanding debt, SOY (-)	MAX copies CY and BY from the end of year amounts reported on line 5081 for the previous year.
5081	Outstanding debt, EOY (-)	Automatically generated by MAX.
5082	Borrowing (-)	
Unavai	ilable unobligated balances:	The amount of offsetting collections previously precluded from obligation, or temporarily reduced that have not yet become budget authority available for obligation. The amount of appropriations, borrowing authority, and contract authority that have been sequestered in revolving, special, and non-revolving trust funds.
5090	Unexpired unavailable balance, SOY: Offsetting collections	Does not generally apply to special and non-revolving trust funds. MAX copies CY and BY from the end of year amounts reported on line 5092 for the previous year.
5091	Expiring unavailable balance: Offsetting collections (-)	
5092	Unexpired unavailable balance, EOY: Offsetting collections	Automatically generated by MAX.
5093	Expired unavailable balance, SOY: Offsetting collections	Does not generally apply to special and non-revolving trust funds. MAX copies CY and BY from the end of year amounts reported on line 5095 for the previous year.
5094	Canceling unavailable balance: Offsetting collections (-)	
5095	Expired unavailable balance, EOY: Offsetting collections	Automatically generated by MAX.
5096	Unexpired unavailable balance, SOY: Appropriations	Does not generally apply to special and non-revolving trust funds. MAX copies CY and BY from the end of year amounts reported on line 5098 for the previous year.
5097	Expiring unavailable balance: Appropriations (-)	
5098	Unexpired unavailable balance, EOY: Appropriations	Automatically generated by MAX.
5099	Unexpired unavailable balance, SOY: Contract authority	MAX copies CY and BY from the end of year amounts reported on line 5100 for the previous year.

	Entry	MAX Details
5100	Unexpired unavailable balance, EOY: Contract authority	Automatically generated by MAX.
5101	Unexpired unavailable balance, SOY: Borrowing authority	MAX copies CY and BY from the end of year amounts reported on line 5102 for the previous year.
5102	Unexpired unavailable balance, EOY: Borrowing authority	
5103	Unexpired unavailable balance, SOY: Fulfilled purpose	MAX copies CY and BY from the end of year amounts reported on line 5104 for the previous year.
5104	Unexpired unavailable balance, EOY: Fulfilled purpose	Automatically generated by MAX.
Interno	tional Monetary Fund:	
5110	IMF quota reserve tranche increase (P.L. xxx-xxx)	Identify the public law. An example is the Consolidated Appropriations Act of 2016 (e.g., P.L. 114-113).
5111	IMF quota letter of credit increase (P.L. xxx-xxx)	Identify the public law. An example is the Consolidated Appropriations Act of 2016 (e.g., P.L. 114-113).
5112	IMF quota reserve tranche, total	
5113	IMF quota letter of credit, total	
5114	New Arrangements to Borrow (P.L. xxx-xxx)	Identify the public law. An example is the Consolidated Appropriations Act of 2016 (e.g., P.L. 114-113).
5115	New Arrangements to Borrow (exchange rate)	
5116	New Arrangements to Borrow, total	
Discre	tionary mandated transfers:	
5200	Discretionary mandated transfer to other accounts (–)	The line shows the amount of discretionary transfers mandated by law that are included in line 1120. In exceptional cases, this line may represent the discretionary transfers mandated by law included in line 1010. Use in PY. If the account has enacted appropriations, also use for CY.
		Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).
5201	Discretionary mandated transfer from other accounts	The line shows the amount of discretionary transfers mandated by law that are included in line 1121. In exceptional cases, this line may represent the discretionary transfers mandated by law included in line 1011. Use in PY. If the account has enacted appropriations, also use for CY.
		Identify each account involved in each transfer (gaining and losing) in MAX using the 6-digit Treasury basic account symbol (see section 79.2 and Appendix C).

UNFUNDED DEFICIENCIES

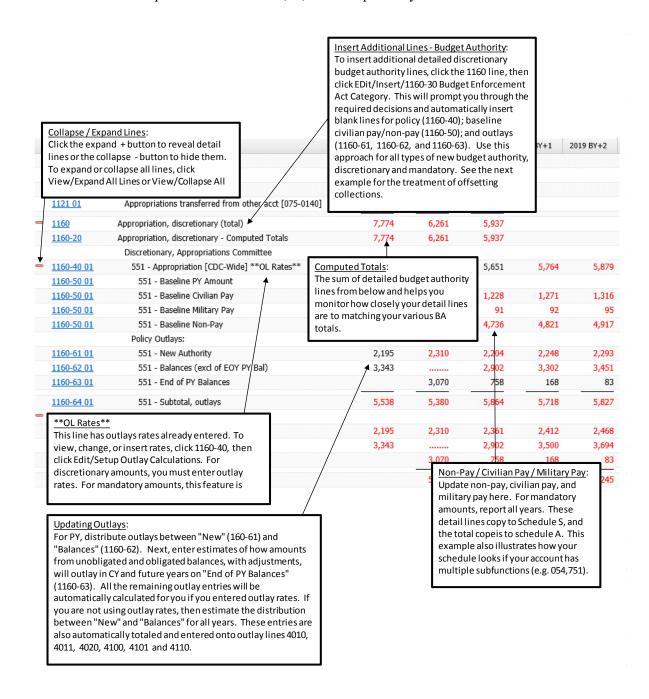
Note: See section <u>145</u> for additional reporting requirements on deficiencies.

	Entry	MAX Details
7000	Unfunded deficiency, start of year (–)	Automatically generated by MAX in CY and BY.
7010	New deficiency (-)	Automatically generated by MAX.
7012	Budgetary resources used to liquidate deficiencies	Automatically generated by MAX.
7020	Unfunded deficiency, end of year (–)	Automatically generated by MAX.

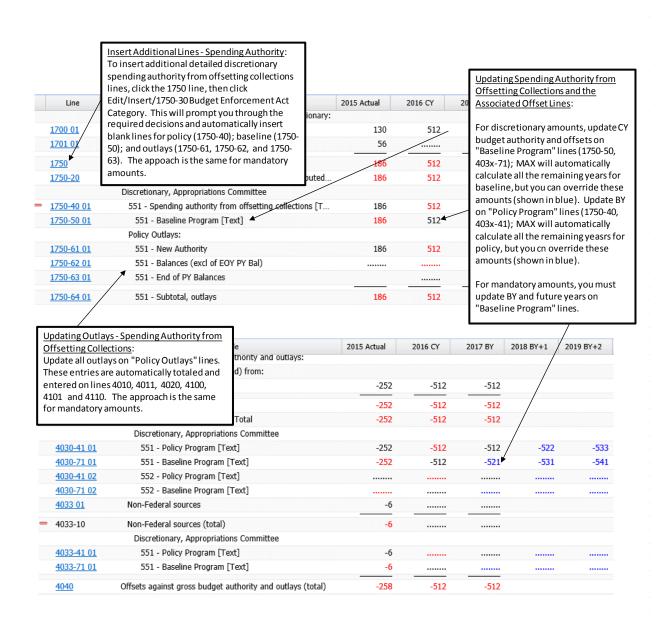
COMBINED SCHEDULE X EXHIBIT 82A

Updating MAX Combined Schedule X

Schedule X is where users enter all budgetary resource and outlay data; MAX will then automatically populate lines in schedules P, A, and S. Schedule X looks identical to schedule P until the "Budget Authority" line. This exhibit illustrates how to insert data and new lines, unique features of schedule X, and where data entered in schedule X crosswalks to schedules A and S. See sections 80–82 for an overview and detailed line descriptions for schedules S, A, and P respectively.



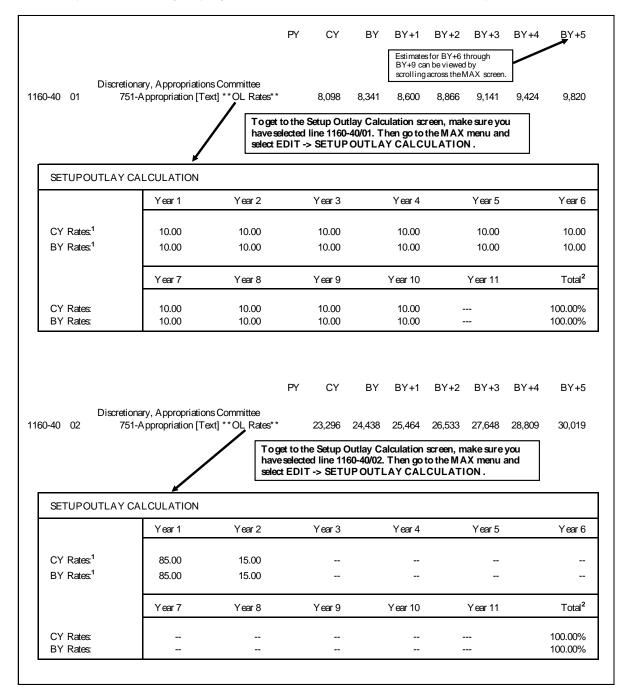
Updating MAX Combined Schedule X—CONTINUED



COMBINED SCHEDULE X EXHIBIT 82B

Setting Up Outlay Calculations

You can enter multiple outlay rates for an account and show different programs on separate BA lines even if the rates are the same. To do this, use multiple line sequence numbers (01, 02, 03, etc.). MAX will generate separate outlay data that corresponds to each BA line. In schedule X, MAX displays BA and corresponding outlays together. The examples below show how to enter two different outlay rates.



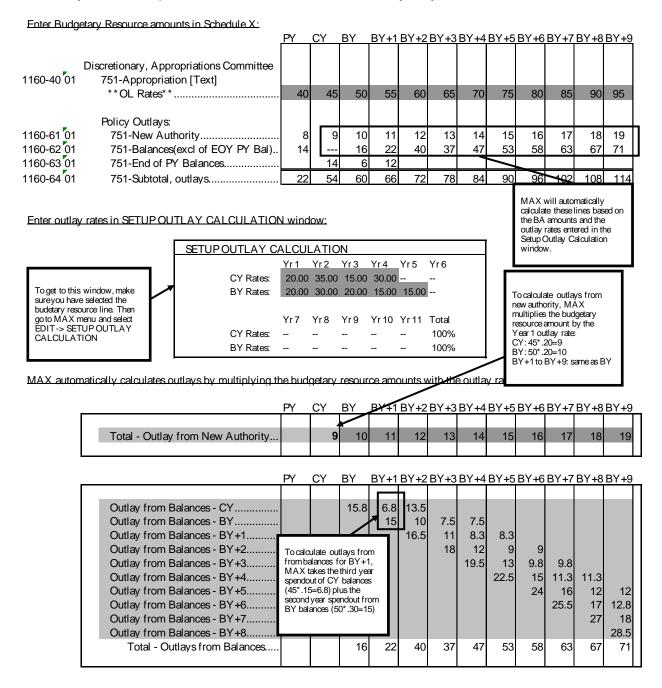
¹ Enter the outlay rates for the budgetary resources provided in the current and budget years. For CY rates, Year 1 represents CY, Year 2 represents BY, etc. For BY rates, Year 1 represents BY, Year 2 represents BY+1, etc.

² Outlay rates should total 100 percent unless the budget authority does not spend out within 11 years. MAX generates an error message if the total exceeds 100 percent.

EXHIBIT 82C COMBINED SCHEDULE X

Automatic Generation of Discretionary Outlays

To automatically calculate outlays, enter discretionary budgetary resources and outlay rates. Outlays from end of PY balances will have to be manually entered. The steps below show how MAX calculates the discretionary outlays.



COMBINED SCHEDULE X EXHIBIT 82D

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	
Line#	Line Description	Р	Α	S
	Obligations by program activity			
0001-0799	Direct obligations	✓		
JUU1-U/99	Direct Program Activity	•		
0701	Credit program obligations Direct loan subsidy	✓		
0702	Loan guarantee subsidy	→		
0702 0703	Subsidy for modifications of direct loans	✓		
	,	→		
0704	Subsidy for modifications of loan guarantees	✓		
0705 0706	Reestimates of direct loan subsidy Interest on reestimates of direct loan subsidy	→		
0706 0707	Reestimates of loan guarantee subsidy	√		
	-	→		
0708 0709	Interest on reestimates of loan guarantee subsidy	→		
	A dministrative expenses	→		
0710	Direct loan obligations	→		
0711	Default claim payments on principal	→		
0712	Default claimpayments on interest	✓		
0713	Payment of interest to Treasury	✓		
0715-0739	Other	√		
0740	Negative subsidy obligations			
0741	Modification savings	√		
0742	Downward reestimates paid to receipt accounts	∀		
0743	Interest on downward reestimates	∀		
0744	A djusting payments to liquidating accounts	✓		
	Reimbur sable obligations	,		
0800-0899	Reimbursable program activity	✓		
0900	Total new obligations, unexpired accounts	✓		
	Budgetary resources Unobligated balance			
1000	Unobligated balance brought forward, Oct 1	✓		
1001	Discretionary unobligated balance brought forward, Oct 1	✓		
1010	Unobligated balance transferred to other accounts	✓		
1011	Unobligated balance transferred from other accounts	✓		
1012	Unobligated balance transfers between expired and unexpired accounts	1		
	one of garden balance transfer of bette out to prior and and prior account			
1013	Unobligated balance of contract authority transferred to or from	✓		
	other accounts (net)			
1020	other accounts (net) A djustment to unobligated balance brought forward, Oct 1	✓		
1020 1021	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations	√		
1020 1021 1022	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund	√		
1020 1021 1022 1023	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt	✓ ✓ ✓		
1020 1021 1022 1023 1024	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn	✓ ✓ ✓ ✓		
1020 1021 1022 1023 1024 1025	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or	✓ ✓ ✓ ✓		
1020 1021 1022 1023 1024 1025 1026	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of	\[\frac{1}{2} \] \[\frac{1}{2} \frac{1}{2} \] \[\frac{1}{2} \frac{1}{2} \]		
1020 1021 1022 1023 1024 1025 1026	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in	* * * * * * * * * * * * * * * * * * *		
1020 1021 1022 1023 1024 1025 1026 1027	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds)	* * * * * * * * * * * * * * * * * * *		
1020 1021 1022 1023 1024 1025 1026 1027	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury	* * * * * * * * * * * * * * * * * * *		
1020 1021 1022 1023 1024 1025 1026 1027 1028	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds			
1020 1021 1022 1023 1024 1025 1026 1027 1028	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds Other balances not available			
1020 1021 1022 1023 1024 1025 1026 1027 1028	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds Other balances not available Refunds and recoveries temporarily precluded from obligation (special and trust funds)			
1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds Other balances not available Refunds and recoveries temporarily precluded from obligation (special and trust funds) Recoveries of prior year paid obligations			
1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds Other balances not available Refunds and recoveries temporarily precluded from obligation (special and trust funds) Recoveries of prior year paid obligations A djustment for unobligated balance used to liquidate deficiencies			
1013 1020 1021 1022 1023 1024 1025 1026 1027 1028 1029 1030 1031 1032 1033 1034 1035	other accounts (net) A djustment to unobligated balance brought forward, Oct 1 Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund Unobligated balances applied to repay debt Unobligated balance of borrowing authority withdrawn Unobligated balance of contract authority withdrawn A djustment for change in allocation of trust fund limitation or foreign exchange valuation A djustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds) A djustment in unobligated balances for change in investments of zero coupon bonds (revolving funds) Other balances withdrawn to Treasury Other balances withdrawn to special or trust funds Other balances not available Refunds and recoveries temporarily precluded from obligation (special and trust funds) Recoveries of prior year paid obligations			

+Updated line

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	
Line#	Line Description	Р	Α	S
	Budgetary resources			
	Budget authority			
	Appropriations, discretionary			
1100	Appropriation	✓		
1101	Appropriation (special or trust fund)	✓		
1102	A ppropriation (previously unavailable)	✓		
1103	A ppropriation available from subsequent year	✓		
1104	Appropriation available in prior year (-)	✓		
1105	Reappropriation	✓		
1120	Appropriations transferred to other accounts	✓		
1121	Appropriations transferred from other accounts	✓		
1130	Appropriations permanently reduced	✓		
1131	Unobligated balance of appropriations permanently reduced	✓		
1132	Appropriations temporarily reduced	✓		
1133	Unobligated balance of appropriations temporarily reduced	✓		
1134	Appropriations precluded from obligation	✓		
1135	A ppropriations applied to repay debt	✓		
1137	Appropriations applied to liquidate contract authority	1		
1138	Appropriations applied to liquidate contract authority withdrawn	1		
1139	Appropriations substituted for borrowing authority	1		
1160	Appropriation, discretionary (total)	✓		
	Discretionary, {BEA Subcategory}			
1160-40	Appropriation [Text]		 	
1160-40	Baseline Pay and Benefits / Non-Pay and Benefits		'	1
100-30	Policy Outlays			•
160-61	New Authority		 	
	•		\ \ \	
1160-62	Balances (excl of EOY PY Bal)			
1160-63	End of PY Balances		✓	
1160-64	Subtotal, outlays		Y	
	Baseline Outlays			,
1160-81	New Authority			V
1160-82	Balances (excl of EOY PY Bal)			✓.
1160-83	End of PY Balances			✓.
1160-84	Subtotal, outlays			✓
	Advance appropriations, Discretionary			
1170	Advance appropriation	1		
1170	Advance appropriation (special or trust fund)	· /		
171	Advance appropriation (special of trust rund) Advance propriations transferred to other accounts	1		
		✓		
1173 1174	A dvance ppropriations transferred from other accounts A dvance appropriations permanently reduced	✓		
1174	Advance appropriations temporarily reduced	· /		
180	A dvance appropriation, discretionary (total)	✓		
	Discretionary, {BEA Subcategory}			
1180-40	A dvance appropriation [Text]		✓	
1180-50	Baseline Pay and Benefits / Non-Pay and Benefits			✓
	Policy Outlays			
1180-61	New Authority		✓ /	
1180-62	Balances (excl of EOY PY Bal)		🗸	
180-63	End of PY Balances		\ \ \	
180-64	Subtotal, outlays		\ \ \	
100-04	Baseline Outlays			
1190 91	•			✓
1180-81	New Authority			✓
1180-82	Balances (excl of EOY PY Bal)			✓
1180-83 1180-84	End of PY Balances Subtotal, outlays			
	LIDIOIO OUITOVO	i		✓

+Updated line

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	
Line#	Line Description	Р	Α	S
	Budgetary resources (cont.)			
	Appropriations, Mandatory			
1200	Appropriation	✓		
1201	Appropriation (special or trust fund)	✓		
1203	Appropriation (previously unavailable)	✓		
1204	Reappropriation	1		
1220	Appropriations transferred to other accounts	✓		
1221	A ppropriations transferred from other accounts	1		
1230	Appropriations and/or unobligated balance of appropriations	1		
1230		'		
1232	permanently reduced A ppropriations and/or unobligated balance of appropriations	1		
1232				
100.1	temporarily reduced			
1234	Appropriations precluded from obligation	1		
1235	Capital transfer of appropriations to general fund	*		
1236	Appropriations applied to repay debt	✓		
1238	Appropriations applied to liquidate contract authority	✓		
1239	Appropriations substituted for borrowing authority	✓		
1000				
1260	Appropriations, mandatory (total)	✓		
	Mandatory, {BEA Subcategory}			
1260-40	Appropriation [Text]		 	
1260-40	1		'	1
1200-50	Baseline Pay and Benefits / Non-Pay and Benefits			•
	Policy Outlays		,	
1260-61	New Authority		🗸	
1260-62	Balances (excl of EOY PY Bal)		✓	
1260-63	End of PY Balances		✓	
1260-64	Subtotal, outlays		✓	
	Baseline Outlays			
1260-81	New Authority			✓
1260-82	Balances (excl of EOY PY Bal)			✓
1260-83	End of PY Balances			✓
1260-84	Subtotal, outlays			1
	Advance appropriations, mandatory			
1270	A dvance appropriation	✓		
1271	A dvance appropriation (special or trust fund)	✓		
1272	A dvance ppropriations transferred to other accounts	✓		
1273	Advance ppropriations transferred from other accounts	✓		
1274	A dvance appropriations permanently reduced	✓		
1275	A dvance appropriations temporarily reduced	✓		
1280	A dvance appropriation, mandatory (total)	✓		
	Mondaton (PEA Subactoron)			
1000 40	Mandatory, {BEA Subcategory}		 	
1280-40	Advance appropriation [Text]		•	./
1280-50	Baseline Pay and Benefits / Non-Pay and Benefits			•
	Policy Outlays			
1280-61	New Authority		🗸	
1280-62	Balances (excl of EOY PY Bal)		 ✓	
1280-63	End of PY Balances		✓	
1280-64	Subtotal, outlays		✓	
	Baseline Outlays			
1280-80	New Authority			✓
1280-81	Balances (excl of EOY PY Bal)			✓
1280-82	End of PY Balances			1
1280-83	Subtotal, outlays			1
	Borrowing authority, Discretionary			
1300	Borrowing authority	1		
1320	Borrowing authority permanently reduced	✓		
	Borrowing authority, discretionary (total)			

⁺Updated line

Schedule X Line Numbers Including Schedule A, S, and P Lines

New	-		Schedule)
Line#	Line Description	Р	A	S
	Budgetary resources (cont.)			
	Discretionary, {BEA Subcategory}			
1340-40	Authority to borrow [Text]		✓	
1340-50	Baseline Pay and Benefits / Non-Pay and Benefits			✓
	Policy Outlays			
1340-61	New Authority		✓	
1340-62	Balances (excl of EOY PY Bal)		✓	
1340-63	End of PY Balances		✓	
1340-64	Subtotal, outlays		✓	
	Baseline Outlays			
1340-81	New Authority			✓.
1340-82	Balances (excl of EOY PY Bal)			1
1340-83	End of PY Balances			✓.
1340-84	Subtotal, outlays			✓
	Borrowing authority, Mandatory			
1400	Borrowing authority, Marical Cry	1		
1420	Borrowing authority permanently reduced	1		
1421	Borrowing authority temporarily reduced	1		
1422	Borrowing authority applied to repay debt	1		
1423	Borrowing authority precluded from obligation (limitation on obligations)	1		
1-120	Bottowing dutionty presided from obligation (infliction on obligations)			
1440	Borrowing authority, mandatory (total)	✓		
	Mandatory, {BEA Subcategory}			
1440-40	Authority to borrow [Text]		✓	
1440-50	Baseline Pay and Benefits / Non-Pay and Benefits			✓
	Policy Outlays			
1440-61	New Authority		✓	
1440-62	Balances (excl of EOY PY Bal)		✓	
1440-63	End of PY Balances		✓	
1440-64	Subtotal, outlays		✓	
	Baseline Outlays			
1440-81	New Authority			✓
1440-82	Balances (excl of EOY PY Bal)			✓
1440-83	End of PY Balances			✓
1440-84	Subtotal, outlays			✓
	Contract authority, Discretionary			
1500	Contract authority	√		
1510	Contract authority transferred to other accounts	∀		
1511	Contract authority transferred from other accounts Contract authority and/or unobligated balance of contract authority	<i>-</i>		
1520	permanently reduced	·		
1522	Contract authority precluded from obligation	1		
1022	(limitation on obligations)			
1540	Contract authority, discretionary (total)	√		
1010	Contract dutitionty, discretionary (total)			
	Discretionary, {BEA Subcategory}			
1540-40	Contract authority [Text]		✓	
1540-50	Baseline Pay and Benefits / Non-Pay and Benefits			✓
	Policy Outlays			
1540-61	New Authority		✓	
1540-62	Balances (excl of EOY PY Bal)		 	
1540-63	End of PY Balances		/	
1540-64	Subtotal, outlays		🗸	
	Baseline Outlays			
1540-81	New Authority			✓,
1540-82	Balances (excl of EOY PY Bal)			1
1540-83	End of PY Balances			*
1540-84	Subtotal, outlays			✓

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	9
Line#	Line Description	P	A	s
0 //	Budgetary resources (cont.)	<u> </u>	T	Ĭ
	Contract authority, Mandatory			
1600	Contract authority	1		
1603	Contract authority (previously unavailable)	1		
1610	Contract authority (previously dilavaliable) Contract authority transferred to other accounts	1		
1611	•	· /		
	Contract authority transferred from other accounts	√		
1620	Contract authority and/or unobligated balance of contract	,		
	authority permanently reduced			
1621	Contract authority temporarily reduced	✓		
1622	Contract authority precluded from obligation	1		
	(limitation on obligations)			
1010	Contract with with warmed to a /total	√		
1640	Contract authority, mandatory (total)	•		
	Mary later (DEA O Lasterna)			
1010 10	Mandatory, {BEA Subcategory}		_	
1640-40	Contract authority [Text]		1	,
1640-50	Baseline Pay and Benefits / Non-Pay and Benefits			✓
	Policy Outlays			
1640-61	New Authority		1	
1640-62	Balances (excl of EOY PY Bal)		✓	
1640-63	End of PY Balances		✓	
1640-64	Subtotal, outlays		✓	
	Baseline Outlays			
1640-81	New Authority			✓
1640-82	Balances (excl of EOY PY Bal)			✓
1640-83	End of PY Balances			/
1640-84	Subtotal, outlays			
1040-04	Subtotal, outlays			*
	Constitution at the suits of some effectations call actions. Formation and			
4700	Spending authority from offsetting collections, discretionary	1		
1700	Collected			
1701	Change in uncollected payments, Federal sources	√		
1702	Offsetting collections (previously unavailable)	✓		
1710	Spending authority from offsetting collections transferred to	✓		
	other accounts			
1711	Spending authority from offsetting collections transferred from	✓		
	other accounts			
1720	Capital transfer of spending authority from offsetting collections to	✓		
	general fund			
1722	Spending authority from offsetting collections permanently reduced	✓		
1723	New and/or unobligated balance of spending authority from	1		
	offsetting collections temporarily reduced		1	
1725	Spending authority from offsetting collections precluded from	1		
0	obligation (limitation on obligations)			
1726	Spending authority from offsetting collections applied to repay debt	1		
1726		✓		
1727	Spending authority from offsetting collections applied to liquidate			
4700	contract authority	./		
1728	Spending authority from offsetting collections substituted for	✓	1	
	borrowing authority		1	
4750	One Proved for a first or a Residence of the Province of the P	✓		
1750	Spending auth from offsetting collections, discretionary (total)	-		
			1	
	Discretionary, {BEA Subcategory}			
1750-40	Spending authority from offsetting collections [Text]		/	
1750-50	Baseline Program [Text]		1	✓
	Policy Outlays		1	1
1750-61	New Authority		✓	
1750-62	Balances (excl of EOY PY Bal)		✓	
1750-63	End of PY Balances		✓	
1750-64	Subtotal, outlays		/	
_L Indated				

Schedule X Line Numbers Including Schedule A, S, and P Lines

New	Schedule A Line Numbers Hidduing Schedule A, S, and F Lin		Sob odula	
	Lina Description	P	Schedule A	S
Line#	Line Description	Р	A	<u> </u>
	Budgetary resources (cont.)			
4750.04	Baseline Outlays			1
1750-81	New Authority			
1750-82	Balances (excl of EOY PY Bal)			√
1750-83	End of PY Balances			√
1750-84	Subtotal, outlays			✓
	Spending authority from offsetting collections, mandatory			
1800	Collected	✓		
1801	Change in uncollected payments, Federal sources	✓		
1802	Offsetting collections (previously unavailable)	✓		
1810	Spending authority from offsetting collections transferred to	✓		
	other accounts			
1811	Spending authority from offsetting collections transferred from	1		
1011	other accounts	•		
1920		1		
1820	Capital transfer of spending authority from offsetting collections	ľ		
1000	to general fund			
1822	Spending authority from offsetting collections permanently reduced	√		
1823	New and/or unobligated balance of spending authority from	✓		
	offsetting collections temporarily reduced			
1824	Spending authority from offsetting collections precluded from	✓		
	obligation (limitation on obligations)			
1825	Spending authority from offsetting collections applied to repay debt	✓		
1826	Spending authority from offsetting collections applied to liquidate	✓		
	contract authority			
1827	Spending authority from offsetting collections substituted for	✓		
.02.	borrowing authority			
	bonowing dutilonty			
1850	Spending auth from offsetting collections, mandatory (total)	✓		
1000	Containing data from on octaining concentrons, from catering (total)			
	Mandatory, {BEA Subcategory}			
1850-40	Spending authority from offsetting collections [Text]		1	
			,	./
1850-50	Baseline Program [Text]			•
	Policy Outlays			
1850-61	New Authority		✓.	
1850-62	Balances (excl of EOY PY Bal)		✓	
1850-63	End of PY Balances		✓	
1850-64	Subtotal, outlays		✓	
	Baseline Outlays			
1850-81	New Authority			✓
1850-82	Balances (excl of EOY PY Bal)	1		✓
1850-83	End of PY Balances			✓
1850-84	Subtotal, outlays			✓
1900	Budget authority (total)	1		
1901	A djustment for new budget authority used to liquidate deficiencies	· /		
1901	Aujustina it for new budget authority used to riquidate deficiel ides			
1000	Total hudgeten recourses a citable	1		
1930	Total budgetary resources available	•		
	Manager Landon and America		 	
	Memorandum (non-add) entries	,		
1940	Unobligated balance expiring	✓		
1941	Unexpired unobligated balance, end of year	✓		
	Special and non-revolving trust funds	✓		
1950	Other balances withdrawn and returned to unappropriated receipts	✓		
1951	Unobligated balance expiring	✓		
1952	Expired unobligated balance, start of year	1		
1953	Expired unobligated balance, end of year	1		
1954	Unobligated balance canceling	1		
100T	Onobigatod balance cancerng			
1955	Other balances withdrawn and returned to general fund	✓		

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	,
Line #	Line Description	P	A	S
Zine ii	Limitations			
1963	Limitations: Not result of G-R-H [Text]			
	Mandatory, {BEA Subcategory}			
1963-40	Limitation [Text]		✓	
1963-50	Baseline Pay/Non-Pay			1
	Policy Outlays			
1963-61	New Authority		✓	
1963-62	Balances (excl of EOY PY Bal)		✓	
1963-63	End of PY Balances		✓	
1963-64	Subtotal, outlays		✓	
	Baseline Outlays			
1963-81	New Authority			1
1963-82	Balances (excl of EOY PY Bal)			1
1963-83	End of PY Balances			1
1963-84	Subtotal, outlays			1
1966	Limitations: Not result of G-R-H [Text]			
	Discretionary, {BEA Subcategory}			
1966-40	Limitation [Text]		√	
1966-50	Baseline Pay/Non-Pay		•	1
1900-30	Policy Outlays			•
1966-61	New Authority		✓	
1966-62	Balances (excl of EOY PY Bal)		* ✓	
1966-63	End of PY Balances		*	
1966-64	Subtotal, outlays		1	
1900-04	Baseline Outlays		•	
1966-81	New Authority			1
1966-82	Balances (excl of EOY PY Bal)			1
1966-83	End of PY Balances			1
1966-84	Subtotal, outlays			1
1700-04	Subtotal, outrays			·
	Change in obligated balance			
3000	Unpaid obligations Unpaid obligations, brought forward, Oct 1	1		
3001	Adjustment to unpaid obligations, brought forward, Oct 1	1		
3010	New obligations, unexpired accounts	1		
3011	Obligations ("upward adjustments"), expired accounts	1		
3020	Outlays (gross)	1		
3030	Unpaid obligations transferred to other accounts	1		
3031	Unpaid obligations transferred from other accounts	1		
3040	Recoveries of prior year unpaid obligations, unexpired accounts	1		
3041	Recoveries of prior year unpaid obligations, expired accounts	✓		
3050	Unpaid obligations, end of year	✓		
3030	Chaire conguitons, the or year			
	Uncollected payments			
3060	Uncollected pymts, Fed sources, brought forward, Oct 1	✓		
3061	Adjustment to uncollected pymts, Fed sources, brought forward, Oct 1	✓		
3070	Change in uncollected pymts, Fed sources, unexpired accounts	✓		
3071	Change in uncollected pymts, Fed sources, expired accounts	/		
3080 3081	Uncollected pymts, Fed sources transferred to other accounts Uncollected pymts, Fed sources transferred from other accounts	✓		
3090	Uncollected pymts, Fed sources, end of year	✓		
	Memorandum (non-add) entries			
3100	Obligated balance, start of year	✓		
3200	Obligated balance, end of year	✓		
	1	1	1	

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule	9
Line#	Line Description	Р	Α	S
	Budget authority and outlays, net			
	Discretionary			
4000	Budget authority, gross	✓		
	Outlays, gross			
4010	Outlays from new discretionary authority	✓		
4011	Outlays from discretionary balances	✓		
4020	Outlays, gross (total)	✓		
	Offsets against gross budget authority and outlays			
	Offsetting collections (collected) from			
4030	Federal sources	✓		
	Discretionary, { BEA Subcategory}			
4030-41	Policy Program[Text]		✓	
4030-71	Baseline Program [Text]			✓
4031	Interest on Federal securities	1		
1001	Discretionary, {BEA Subcategory}			
4031-41	Policy Program[Text]		1	
4031-71	Baseline Program[Text]			1
4031-71	baseline riogram[Text]			'
4033	Non-Federal sources	✓		
	Discretionary, {BEA Subcategory}			
4033-41	Policy Program [Text]		✓	
4033-71	Baseline Program [Text]			✓
	5 T 7			
4034	Offsetting governmental collections	✓		
	Discretionary, {BEA Subcategory}			
4034-41	Policy Program[Text]		✓	
4034-71	Baseline Program [Text]			✓
4040	Offsets against gross budget authority and outlays (total)	✓		
4040	Orisets against gross budget authority and outlay's (total)			
	Additional offsets against gross budget authority only			
4050	Change in uncollected pymts, Fed sources, unexpired	✓		
	Discretionary, {BEA Subcategory}			
4050-41	Policy Program [Text]		✓	
4050-71	Baseline Program [Text]			1
4050		√		
4052	Offsetting collections credited to expired accounts	V		
1050 11	Discretionary, {BEA Subcategory}		_	
4052-41	Policy Program[Text]		1	
4052-71	Baseline Program [Text]			~
4053	Recoveries of prior year paid obligations, unepxired accounts	✓		
1000	Discretionary, {BEA Subcategory}			
4053-41	Policy Program[Text]		/	
4053-71	Baseline Program[Text]			1
тоо-7 1				
4060	Additional offsets against budget authority only (total)	✓		
4070	Budget authority, net (discretionary)	✓		
4080	Outlays, net (discretionary)	✓		

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule)
Line#	Line Description	Р	Α	S
	Budget authority and outlays, net (cont.)			
	Mandatory			
4090	Budget authority, gross	✓		
	Outlays, gross			
4100	Outlays from new mandatory authority	✓		
4101	Outlays from mandatory balances	✓		
4110	Outlays, gross (total)	✓		
	Offsets against gross budget authority and outlays			
	Offsetting collections (collected) from			
4120	Federal sources	✓		
	Mandatory, {BEA Subcategory}			
4120-41	Policy Program[Text]		🗸	
4120-71	Baseline Program [Text]			✓
4121	Interest on Federal securities	1		
TIZI	Mandatory, {BEA Subcategory}			
4121-41	Policy Program[Text]		🗸	
4121-71	Baseline Program[Text]		'	1
				*
4122	Interest on uninvested funds	✓		
	Mandatory, {BEA Subcategory}			
4122-41	Policy Program[Text]		🗸	
4122-71	Baseline Program [Text]			✓
4400	New Todayal accuracy	✓		
4123	Non-Federal sources			
4400 44	Mandatory, {BEA Subcategory}		,	
4123-41	Policy Program [Text]		*	./
4123-71	Baseline Program [Text]			•
4124	Offsetting governmental collections	✓		
	Mandatory, {BEA Subcategory}			
4124-41	Policy Program [Text]		✓	
4124-71	Baseline Program [Text]			✓
4400		✓		
4130	Offsets against gross budget authority and outlays (total)	•		
	Additional offsets against gross budget authority only			
4140	Change in uncollected pymts, Fed sources, unexpired	✓		
7170	Mandatory, {BEA Subcategory}			
4140-41	Policy Program [Text]		🗸	
4140-71	Baseline Program[Text]			1
4142	Offsetting collections credited to expired accounts	✓		
	Mandatory, {BEA Subcategory}			
4142-41	Policy Program[Text]		✓	
4142-71	Baseline Program [Text]			✓
4143	Recoveries of prior year paid obligations, unepxired accounts	1		
11-10	Mandatory, {BEA Subcategory}			
4143-41	Policy Program[Text]		🗸	
4143-71	Baseline Program[Text]			1
-TI-V-11	Describer rogram (real)			
4150	Additional offsets against budget authority only (total)	✓		
4160	Budget authority, net (mandatory)	✓		
4170	Outlays, net (mandatory)	✓		
4180	Budget authority, net (total)	✓		
4190	Outlays, net (total)	✓		

Schedule X Line Numbers Including Schedule A, S, and P Lines

New			Schedule)
Line#	Line Description	Р	Α	S
	Memor andum (non-add) entries			
5000	Total investments, SOY: Federal securities: Par value	✓		
5001	Total investments, EOY: Federal securities: Par value	✓		
5010	Total investments, SOY: non-Federal securities: Market value	✓		
5011	Total investments, EOY: non-Federal securities: Market value	✓		
5050	Unobligated balance, SOY: Contract authority	✓		
5051	Unobligated balance, EOY: Contract authority	✓		
5052	Obligated balance, SOY: Contract authority	✓		
5053	Obligated balance, EOY: Contract authority	✓		
5054	Fund balance in excess of liquidating requirements, SOY: Contract authority	✓		
5055	Fund balance in excess of liquidating requirements, EOY: Contract authority	✓		
5061	Limitation on obligations (Transportation Trust Funds)	✓		
5080	Outstanding debt, SOY	✓		
5081	Outstanding debt, EOY	✓		
5082	Borrowing	1		
5090	Unexpired unavailable balance, SOY: Offsetting collections	✓		
5091	Expiring unavailable balance: Offsetting collections	1		
5092	Unexpired unavailable balance, EOY: Offsetting collections	✓		
5093	Expired unavailable balance, SOY: Offsetting collections	✓		
5094	Canceling unavailable balance: Offsetting collections	✓		
5095	Expired unavailable balance, EOY: Offsetting collections	✓		
5096	Unexpired unavailable balance, SOY: Appropriations	✓		
5097	Expiring unavailable balance: Appropriations	✓		
5098	Unexpired unavailable balance, EOY: Appropriations	✓		
0800-0899	Unexpired unavailable balance, SOY: Contract authority	✓		
5100	Unexpired unavailable balance, EOY: Contract authority	✓		
5101	Unexpired unavailable balance, SOY: Borrowing authority	✓		
5102	Unexpired unavailable balance, EOY: Borrowing authority	✓		
5103	Unexpired unavailable balance, SOY: Fulfilled purpose	✓		
5104	Unexpired unavailable balance, EOY: Fulfilled purpose	✓		
5110	IMF quota reserve tranche increase (P.L. xxx-xxx)	1		
5111	IMF quota letter of credit increase (P.L. xxx-xxx)	1		
5112	IMF quota reserve tranche, total	1		
5113	IMF quota letter of credit, total	1		
5114	New Arrangements to Borrow (P.L. xxx-xxx)	1		
5115	Nerw A rrangements to Borrow (exchange rate)	1		
5116	Nerw Arrangements to Borrow, total	1		
5200	Discretionary mandated transfer to other accounts	1		
5201	Discretionary mandated transfer from other accounts	1		
5250	Number of beneficiaries (in thousands) - Adj. Baseline			✓
	Linfo method obdicai on ci co			
7000	Unfunded deficiencies	✓		
7000	Unfunded deficiency, start of year	∀		
7010	New deficiency	✓		
7012 7020	Budgetary resources used to liquidate deficiencies Unfunded deficiency, end of year	✓		

⁺Updated line

SECTION 83—OBJECT CLASSIFICATION (MAX SCHEDULE O)

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Summary of Changes

Includes under object class code 12.2 military personnel, continuation pay and contributions to the Thrift Savings Plan (section <u>83.6</u>).

Updates the title of the total obligation line 0900 (section <u>83.6</u>).

Eliminates the requirements for agencies to submit object class and program activity data from their accounting systems to OMB (old sections 83.19 and exhibit 83C).

83.1 What are object classes?

Object classes are categories in a classification system that presents *obligations by the items or services purchased* by the Federal Government. These are the major object classes:

- 10 Personnel compensation and benefits
- 20 Contractual services and supplies
- 30 Acquisition of assets

- 40 Grants and fixed charges
- 90 Other

We divide these major classes into smaller classes and present them in the Budget *Appendix* in object class schedules.

The object classes present obligations according to their initial purpose, *not the end product or service*. For example, if you pay a Federal employee who constructs a building, classify the obligations for the employee's wages under *Personnel compensation and benefits*, rather than *Acquisition of assets*. If you purchase a building, classify the contractual obligations under *Acquisition of assets*.

You record *obligations* when the Federal Government places an order for an item or a service, awards a contract, receives a service, or enters into similar transactions that will require payments in the same or a future period (see section 20.5). You also record obligations when you make an *expenditure* transfer between Federal Government accounts (see section 20.4(j)).

83.2 Why must I report object class information?

You must report object class information because the law (31 U.S.C. 1104(b)) requires the President's Budget to present obligations by object class for each account.

83.3 How do object classes compare to functional and character classes and program activity?

The following table shows how the object classification system differs from the other classification systems used in the President's Budget.

Classification System	What is classified?	What does it tell me?
Object class	Obligations	Goods or services or items purchased, for example, supplies, rent, or equipment
Program activity (see section <u>82.5</u>)	Obligations	Activity, project, or other programmatic distinction
Functional class (see section 79.3(d))	Budget authority, outlays, and offsetting receipts	Major purpose served, for example, national defense, health, income security
Character class (see section <u>84.4</u>)	Budget authority, outlays, and offsetting receipts	Whether the amount pays for an <i>investment</i> or noninvestment and whether the amount is a <i>grant</i> to a State and local government or a <i>direct</i> Federal program;
		If investment, then, what type: physical asset, conduct of R&D, or conduct of education and training

83.4 How does the object class schedule relate to the program and financing schedule?

You report object class information whenever you report obligations on a program and financing (P&F) schedule (except you do not report object class information for credit financing accounts). This means you report obligations by object class separately for the regular budget requests, supplemental budget requests, rescission proposals, and legislative proposals.

In addition, object class schedules separately identify the following types of obligations:

- Direct and reimbursable obligations (see section 83.5).
- Obligations between agencies (see section <u>83.14</u>).

83.5 How can I determine whether an obligation should be classified as direct or reimbursable?

In general, reimbursable obligations are those financed by offsetting collections (see section 20.7(d)) received in return for goods and services provided, while all other obligations are direct. However, there are exceptions. Classify *obligations* as "direct" or "reimbursable" in accordance with the following criteria:

If the obligations are	And if	And the schedule P offsetting collections lines are from	The classification is
NOT financed from offsetting collections			Direct
Financed from any type of budgetary resources, including offsetting collections	The account is a CREDIT program or liquidating account		Direct
Financed from offsetting collections from:			Direct
 Asset sales (including GSA recycling funds); 		Non-Federal sources (lines 4033 or 4123)	
• Interest on Federal securities;		Lines 4031 or 4121	
• Interest on uninvested funds;		Lines 4032 or 4122	
 Compulsory collections derived from the Government exercising its sovereign powers, , e.g., taxes, compulsory user charges, regulatory fees, inspection fees, customs duties, license fees; 		Non-Federal sources (lines 4033 or 4123) or Offsetting Governmental Collections (lines 4034 or 4124)	
 Intragovernmental expenditure or non-expenditure transfers; 	There is no benefit exchanged to the paying account (e.g., does not receive a good or service)	Federal sources (lines 4030 or 4120)	
• Donations;		Non-Federal sources (lines 4033 or 4123)	
• Refunds.		Federal sources (lines 4030 or 4120) or Non-Federal Sources (lines 4033 or 4123)	
Financed from offsetting collections received in return for goods or services provided, including: • Reimbursements under the IPA (see section 83.15); and • Voluntary insurance premiums	The account is NOT a credit program or liquidating account	Federal sources (lines 4030 or 4120) or Non-Federal Sources (lines 4033 or 4123)	Reimbursable
Financed from offsetting collections from other Federal government account(s)	The collections are for a jointly funded grant or project	Federal Sources (lines 4030 or 4120)	Reimbursable

The amounts you classify as reimbursable obligations in both MAX schedule O and MAX schedule P for a budget account should be identical with the following exceptions:

- Line 9995, *Adjustment for rounding*, in MAX schedule O may contain a mixture of direct and reimbursable obligations. These amounts are not material because they are normally \$4 million or less:
- Credit financing accounts do not have any MAX schedule O

MAX Schedule O. Use the 4–digit object class line numbers in exhibit <u>83A</u> when you enter obligations by object class in MAX schedule O. Be sure to use the correct prefix to distinguish reimbursable from direct obligations.

MAX Schedule P. Use the 4–digit program activity codes described in section <u>82.5</u> when you report obligations. For reimbursable obligations, use 08xx.

83.6 What object class codes and definitions should I use?

Major object classes are divided into smaller classes. The following table provides the codes, standard titles, and definitions used to identify detailed object class data. Exhibit <u>83A</u> summarizes the codes and standard titles used in MAX schedule O.

	Entry	Description
10	PERSONNEL	This major object class consists of object classes 11, 12, and 13.
	COMPENSATION AND BENEFITS	
11	Personnel compensation	Compensation directly related to duties performed for the Government by Federal civilian employees, military personnel, and non-Federal personnel. Object class 11 covers object classes 11.1 through 11.8.
11.1	Full-time permanent	For full-time civilian employees with permanent appointments.
		Full-time permanent employees are those who are full-time civilian employees with <i>permanent appointments as defined by the Office of Personnel Management</i> (OPM). The nature of the employee's appointment is controlling, not the nature of the position. For this object class, include full-time permanent employees in the:
		 Competitive Service with career and career-conditional appointments.
		 Excepted Service whose appointments carry no restriction or condition. Include those serving trial periods or whose tenure is equivalent to career-conditional tenure in the Competitive Service.
		Exclude those serving on indefinite appointments and appointments limited to a specific time.
		 Senior Executive Service (SES) with career appointments as defined in <u>5 U.S.C. 3132(a)(4)</u> and non-career appointments as defined in <u>5 U.S.C. 3132(a)(7)</u>.
		Refer to your agency's human resources office for assistance on the types of appointments for staff in your agency.
		Include:
		 Regular salaries and wages paid to the employees (some of which may be withheld from the employee's check to pay taxes, to pay a bill in a credit union, or to pay the employee's share of life and health insurance).

- Other payments that become part of their basic pay (for example, geographic differentials, and critical position pay).
- Regular salaries and wages paid while the employees are on paid leave, such as annual, sick, or compensatory leave.
- Lump sum payments for annual leave upon separation (also known as terminal leave payments).

Exclude:

- Compensation above the basic rate, for example, overtime or other premium pay, which will be classified in object class 11.5, Other personnel compensation.
- Full-time *temporary* employees who are full-time civilian employees with *temporary appointments as defined by OPM* who will be classified in object class 11.3, *Other than full-time permanent*.

Other than full-time permanent

Regular salaries and wages paid to civilian employees for part-time, temporary, or intermittent employment (see note below).

Include:

- Part-time permanent employees, that is, employees with appointments that require work on a prearranged schedule of fewer hours or days of work than prescribed for full-time employees in the same group or class.
- Temporary employees, that is, employees with appointments for a limited period of time that is generally less than a year. For example:
 - (a) full-time temporary employees,
 - (b) seasonal employees without permanent appointments,
 - (c) employees with term appointments, and
 - (d) employees with indefinite appointments.
- Personnel appointments and advisory committees.
- Intermittent employees, that is, employees with appointments that require work on an irregular or occasional basis and who are paid only for the time actually employed or services actually rendered.

Note: For personal services contracts with individuals, who are classified by OPM as Federal employees, classify the basic pay in this object class and classify compensation above the basic pay in object class 11.5, *Other personnel compensation*. On the other hand, classify the payments to a contractor principally for the personal services of a group of the contractor's employees according to the type of contract involved (for example, classify personal services contracts for operation and maintenance of facilities under object class 25.4).

Other personnel compensation

Compensation *above the basic rates* paid directly to civilian employees. Include:

- Overtime, which is pay for services in excess of the established work period as defined in <u>5 U.S.C. 5542</u>, standby duty and administratively uncontrollable overtime as defined in <u>5 U.S.C. 5545</u>, and unscheduled availability duty hours for criminal investigations as defined in <u>5 U.S.C. 5545(a)</u>.
- Holiday pay as defined in <u>5 U.S.C. 5546(b)</u>.

- Night work differential, which is pay above the basic rate for regularly scheduled night work.
- Post differentials, which are authorized under <u>5 U.S.C. 5925</u> above
 the basic rate for service at hardship posts abroad that are based upon
 conditions of environment substantially different from those in the
 continental United States and warrant additional pay as a recruitment
 and retention incentive.
- Hazardous duty pay, which is pay above the basic rate because of assignments involving performance of duties that subject the employee to hazards or physical hardships.

Note: Post differentials and hazardous duty pay result from the job or services performed. For example, a job performed at a hardship post abroad or under hazardous duty is different from what might appear to be the same job performed elsewhere and under non-hazardous conditions. Hence, both are classified with other pay in object class 11 and not as benefits in object class 12. By contrast, compensation in the form of cost of living allowances are classified as benefits in object class 12 because they do not result from the job or services performed. The cost for a job in one locale is different from the same job in another locale simply because the cost of living is higher in one locale.

- Supervisory differential, which is pay above the basic rate to adjust the compensation of a supervisor to a level greater than the highest paid subordinate. The differential applies to a General Schedule employee who supervises one or more employees not covered by the General Schedule.
- Cash incentive awards, which are payments for cash awards that do not become part of the Federal civilian employee's basic rate of pay, such as those authorized under <u>5 U.S.C. 4503</u>, <u>4504</u>, <u>4505(a)</u>, <u>4507</u>, and <u>5384</u>.
- Other payments above basic rates, which are payments for other premium pay, such as stand-by pay and premium pay in lieu of overtime and special pay that is paid periodically during the year in the same manner and at the same time as regular salaries and wages are paid.
 - <u>Exclude</u> other payments which are classified in object class 12.1, *Civilian personnel benefits*.
- Royalties to Federal scientists and inventors which may last up to 17 years and may be paid after the employee has left Federal service or to the employee's beneficiary.
- 11.6 Military personnel basic allowance for housing

11.7 Military personnel

Basic allowance given for housing to personnel of the uniformed service, including the commissioned corps of the Public Health Service and the National Oceanic and Atmospheric Administration.

The regular salaries and wages paid to personnel of the uniformed service, including the commissioned corps of the Public Health Service and the National Oceanic and Atmospheric Administration (some of which may be withheld from the employee's check to pay taxes, to pay a bill in a credit union, or to pay the employee's share of life and health insurance) as well as amounts above the basic pay rates. For "amounts above the basic pay rates", apply the same definitions as for civilian employees in object class 11.5. Include:

	Entry	Description
		Flight pay.Basic allowance for subsistence (BAS).
		• Extra pay based upon conditions of environment (except cost of living allowances for locations outside the contiguous 48 States and the District of Columbia which will be classified in object class 12.2, Military personnel benefits).
11.8	Special personal services payments	Payments for personal services that do not represent salaries or wages paid directly to Federal employees and military personnel.
		Include:
		 Reimbursable details, that is, payments to other accounts for personal services of civilian employees and military personnel on reimbursable detail (both compensation and personnel benefits).
		 Reemployed annuitants, that is, payments by an agency employing an annuitant to reimburse the Civil Service Retirement and Disability Fund for the annuity paid to that employee under 5 U.S.C. <u>8339</u> through 8344.
		 Non-Federal civilians, such as witnesses; casual workers, patient and inmate help, and allowances for trainees and volunteers.
		 Salary equalization (authorized under <u>5 U.S.C. 3372</u> and <u>3584</u>) to individuals on leave of absence while employed by international organizations or State and local governments, when the equalization payment is 50 percent or less of the person's salary.
		 Staff of former Presidents paid by the General Services Administration (GSA) under <u>3 U.S.C. 102(b)</u>.
		 Payments from the Working Capital Fund to the military personnel accounts to reimburse for work done by military personnel for the Working Capital Fund.
		 Payments to a person who tells someone in authority about alleged dishonest or illegal activities occurring in a Government agency. Often referred to as a "whistleblower."
11.9	Total personnel compensation	This line is automatically generated when there are multiple direct compensation lines.
12	Personnel benefits	Benefits for <i>currently</i> employed Federal civilian, military and certain non-Federal personnel. Covers object classes 12.1 and 12.2.
		<i>Note:</i> Show benefits to certain <i>former</i> civilian and military personnel in object classes 13.0 and 42.0.
12.1	Civilian personnel benefits	Cash payments (from the agency, not funds withheld from employee compensation) to other funds for the benefit of Federal civilian employees or direct payments to these employees.
		Include payments to or for certain non-Federal employees as required by law. Non-Federal civilian employees are employees who are not reportable to the Office of Personnel Management as Federal employees, such as witnesses, casual workers, trainees, volunteers. For example, Peace Corps and VISTA volunteers, Job Corps enrollees, and U.S. Department of Agriculture Extension Service agents.
		Include:
		 Insurance and annuities, which are the employer's share of payments for life insurance, health insurance, employee retirement (including

agency contributions to the Thrift Savings Program), work injury disabilities or death and professional liability insurance (which are payments to reimburse qualified Federal employees for up to one half the cost of professional liability insurance premiums, as authorized by P.L. 104–208 and amended by P.L. 106–58).

- Recruitment, retention, and other incentives, such as:
 - Payments above the basic rate for recruitment bonuses, relocation bonuses, and retention allowances authorized by 5 U.S.C. 5753 and 5754.
 - Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive.
 - Extended assignment incentives.
 - Relocation and other expenses related to permanent change of station (PCS), except expenses for travel and transportation and the storage and care of vehicles and household goods (see section 83.8).
 - Cash allowances for separate maintenance, education for dependents, transfers for employees stationed abroad, and personal allowances based upon assignment or position, and overseas differentials.
 - Cost-of-living allowances (COLAs) as authorized under <u>5 U.S.C. 5924</u> and <u>5941</u> and other laws.

Note: COLAs are classified as benefits in object class 12 (and not as compensation in object class 11) because they are not related to the job or service performed.

- Student loan repayments authorized by <u>5 U.S.C. 5379</u>.
- Other allowances and payments such as allowances for uniforms and quarters, special pay that is paid in a lump sum (such as compensatory damages or employee settlements), reimbursements for notary public expenses, and subsidies for commuting costs, that is, payments to subsidize the costs of Federal civilian employees in commuting by public transportation.

12.2 Military personnel benefits

Cash allowances, payments of employer share to other funds or direct payments to military personnel.

Include:

- Cash allowances, such as:
- Uniform allowances.
- Extended assignment incentives.
- Reenlistment bonuses.
- Cost-of-living allowances.
- Dislocation and family separation allowances.
- Personal allowances based upon assignment or rank.
- Continuation pay
- Payments to other funds, such as the employer's share of military retirement, Thrift Savings Plan, Medicare-Eligible Retiree Health Care, Federal Insurance Contribution Act taxes, Servicemen's Group Life Insurance premiums, and education benefits. Subsidies for

	Entry	Description
		commuting costs, which are payments to subsidize the costs of military personnel in commuting by public transportation.
		Exclude:
		 Basic allowance for housing which classified in object class 11.6; Hazardous duty pay, flight pay, extra pay based upon conditions of work environment, and other such pay, which are classified as military personnel compensation in object class 11.7; and benefit payments to veterans resulting from their past service, which are classified as benefits to former personnel in object class 13.0.
		 Homeowners assistance which are classified as grants, subsidies and contributions in object class 41.0.
13.0	Benefits for former personnel	Benefits for former officers and employees or their survivors that are based (at least in part) on the length of service to the Federal Government. Include:
		 Retirement benefits in the form of pensions, annuities, or other retirement benefits paid to former military and certain civilian Government personnel or to their survivors.
		Exclude payments made directly to beneficiaries from retirement (special or trust) funds, which are classified as insurance claims and indemnities under object class 42.0.
		 Separation pay, which are severance payments to former employees who were involuntarily separated through no fault of their own and voluntary separation incentive (VSI) payments, also known as "buy- outs" to employees who voluntarily separate from Federal service.
		 Payments to other funds for ex-Federal employees and ex-service personnel (e.g., agency payments to the unemployment trust fund for ex-employees and one-time agency payments of final basic pay to the civil service retirement fund for employees who took the early-out under buy-out authority) and other benefits paid directly to the beneficiary. Also, Government payment to the employees health benefits and life insurance funds for annuitants.
		Exclude:
		 In-kind benefits, such as hospital and medical care, which are classified under the object class representing the nature of the items purchase.
20	CONTRACTUAL SERVICES AND SUPPLIES	This major object class covers purchases of contractual services and supplies in object classes 21.0 through 26.0.
21.0	Travel and transportation of persons	Travel and transportation costs of Government employees and other persons while in an authorized travel status, that are to be paid by the Government either directly or by reimbursing the traveler. Consists of both travel away from official stations, subject to regulations governing civilian and military travel, and local travel and transportation of persons in and around the official station of an employee.
		Include: • Contracts to transport people from place to place, by land, air, or
		water, such as commercial transportation charges; rental or lease of passenger cars; charter of trains, buses, vessels, or airplanes; ambulance service or hearse service; and expenses incident to the operation of rented or chartered conveyances. (Rental or lease of all

	Entry	Description
		passenger-carrying vehicles is to be charged to this object class, even though such vehicles may be used incidentally for transportation of things.)
		 Incidental travel expenses which are other expenses directly related to official travel, such as baggage transfer, and telephone and telegraph expenses, as authorized by travel regulations.
22.0	Transportation of things	Transportation of things (including animals), the care of such things while in process of being transported, and other services incident to the transportation of things. Include:
		 Freight and express charges by common carrier and contract carrier, including freight and express, switching, crating, refrigerating, and other incidental expenses.
		 Trucking and other local transportation charges for hauling, handling, and other services incident to local transportation, including contractual transfers of supplies and equipment.
		 Mail transportation charges for express package services (i.e., charges for transporting freight) and postage used in parcel post. Exclude other postage and charges that are classified under object class 23.3.
		 Transportation of household goods related to permanent change of station (PCS).
		 Exclude: Transportation paid by a vendor, regardless of whether the cost is itemized on the bill for the commodities purchased by the Government. Since shipping charges are not consistently separated on bills for commodities purchased, they should not be recorded under this object class even if such a separation is provided.
23	Rent, Communications, and Utilities	Payments for the use of land, structures, or equipment owned by others and charges for communication and utility services. Object class 23 covers object classes 23.1 through 23.3.
23.1	Rental payments to GSA	Payments to the General Services Administration (GSA) for rental of space and rent related services. Exclude:
		• Payments to a non-Federal source, which will be reported in object class 23.2, <i>Rental payments to others</i> .
		 Payments to agencies other than GSA for space, land, and structures that are subleased or occupied by permits, which will be classified in object class 25.3, Other goods and services from Federal sources, regardless of whether the space is owned or leased by the agency other than GSA.
		 Payments for related services provided by GSA in addition to services provided under rental payments, e.g., extra protection or extra cleaning, which will be classified in object class 25.3, Other goods and services from Federal sources.
		• Payments for rental of transportation equipment, which are classified under object class 21.0, <i>Travel and transportation of person</i> , or object class 22.0, <i>Transportation of things</i> .

	Entry	Description
23.2	Rental payments to others	Payments to a non-Federal source for rental of space, land, and structures.
23.3	Communications, utilities, and miscellaneous charges	Payment for information technology, utilities and miscellaneous charges. Include:
		 Rental or lease of information technology equipment, include any hardware or software, or equipment or interconnected system or subsystem of equipment that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information, such as mainframe, mid-tier, and workstation computers.
		Exclude contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing, which will be classified in object class 25.7, <i>Operation and maintenance of equipment</i> .
		 Information technology services, include data, voice, and wireless communication services, such as long-distance telephone services from other Federal agencies or accounts.
		<u>Exclude</u> charges for maintenance of information technology and related training and technical assistance, when significant and readily identifiable in the contract or billing, which will be classified in object class 25.7, <i>Operation and maintenance of equipment</i> .
		 Postal services and rentals, include postage (exclude parcel post and express mail service for freight); contractual mail (include express mail service for letters) or messenger service; and rental of post office boxes, postage meter machines, mailing machines, and teletype equipment.
		 Data communication services (voice, data, and wireless) from other Government agencies or accounts.
		 Utility services include heat, light, power, water, gas, electricity, and other utility services.
		 Miscellaneous charges, for example, periodic charges under purchase rental agreements for equipment. (Payments subsequent to the acquisition of title to the equipment should be classified under object class 31.0, Equipment.)
		Exclude payments under lease-purchase contracts for construction of buildings, which will be classified in object class 32.0, <i>Land and structures</i> , or object class 43.0, <i>Interest and dividends</i> , and for lease-purchase contracts for information technology and telecommunications equipment, which will be classified in object class 31.0, <i>Equipment</i> .
24.0	Printing and reproduction	Printing and reproduction obtained from the private sector or from other Federal entities.
		Include:
		• Electronic publications.
		 Photo composition, photography, blueprinting, photostating, and microfilming. Includes electronic asset management of photography and videos

and videos.

Duplicating.

Typesetting and lithography.

	Entry	Description
		 Standard forms when specially printed or assembled to order and printed envelopes and letterheads.
		 Publication of notices, advertising, radio and television time.
		 The related composition and binding operations performed by the Government Publishing Office, other agencies, or other units of the same agency on a reimbursable basis, and commercial printers or photographers.
		<i>Note</i> : In determining subclasses for administrative use, agencies may appropriately maintain a distinction between traditional printing technologies and photo static reproduction.
25	Other contractual services	Object class 25 covers object classes 25.1 through 25.8.
25.1	Advisory and assistance services	Services acquired by contract from non-Federal sources (that is, the private sector, foreign governments, State and local governments, tribes), as well as, from other units within the Federal Government. This object class consists of three types of services:
		 Management and professional support services.

- Studies, analyses, and evaluations.
- Engineering and technical services.

Each is described in further detail below.

Management and professional support services.

Include:

- Services that assist, advise, or train staff to achieve efficient and
 effective management and operation of organizations, activities, or
 systems (including management and professional support services for
 information technology and R&D activities).
- Services that are normally closely related to the basic responsibilities and mission of the agency contracting for the services.
- Services that support or contribute to improved organization of program management, logistics, management, project monitoring and reporting, data collection, budgeting, accounting, performance auditing, and administrative/technical support for conferences and training programs.
- Exclude auditing of financial statements, which will be classified in object class 25.2, *Other services from non-Federal sources*.

<u>Studies</u>, <u>analyses</u>, <u>and evaluations</u> provide organized analytic assessments or evaluations in support of policy development, decision-making, management, or administration.

Include:

- Studies in support of information technology and R&D activities.
- Models, methodologies, and related software supporting studies, analyses, or evaluations.

<u>Engineering and technical services</u> (excluding routine engineering services and operation and maintenance of information technology and data communications services).

Include:

 Services that support the program office during the acquisition cycle by providing such services as information technology architecture

development, systems engineering, and technical direction (FAR 9.505–1(b)).

- Services that ensure the effective acquisition, operation, and maintenance of a major acquisition, weapon system or major system, as defined in OMB Circular No. A-109 and in this Circular's supplement, Capital Programming Guide.
- Provide direct support of a major acquisition or weapons system that is essential to planning, R&D, production, or maintenance of the acquisition or system.
- Information technology consulting services, such as information technology architecture design and capital programming, and investment control support services.
- Software services such as implementing a web-based, commercial off-the-shelf software product that is an integral part of a consulting services contract.

Exclude:

- Information technology consulting services, which have large scale systems acquisition and integration or large scale software development as their primary focus. Classify these in object class 31.0, *Equipment*.
- Personnel appointments and advisory committees. Classify these in object class 11.3, *Other than full-time permanent*.
- Contracts with the private sector for operation and maintenance of information technology and telecommunication services. Classify these in object class 25.7, Operation and maintenance of equipment.
- Architectural and engineering services as defined in the Federal Acquisition Regulations (FAR) 36.102 (40 U.S.C. 541).
- Research on theoretical mathematics and basic medical, biological, physical, social, psychological, or other phenomena which will be classified in object class 25.5, Research and development contracts.

Other contractual services classified in object classes 25.2, *Other services from non-Federal sources*, through 25.8, *Subsistence and support of persons*, and 26.0, *Supplies and materials*.

Report contractual services with non-Federal sources that are *not otherwise classified* under this object class.

Include:

- Auditing of financial statements when done by contract with the private sector.
 - Exclude performance auditing by contract with the private sector, which will be classified in object class 25.1, *Advisory and assistance services* and auditing of financial statements when done by contract with another Federal Government entity, which will be classified in object class 25.3, *Other goods and services from Federal sources*.
- Typing and stenographic service contracts with the private sector.
- Purchases from State and Local governments, the private sector, and Government sponsored enterprises that are not otherwise classified.
- Tuition for the general education of employees (e.g., for courses for credit leading to college or post graduate degrees).

25.2 Other services from non-Federal sources

Exclude tuition for training closely-related to the basic responsibilities and mission of the agency, which are classified under object class 25.1, *Advisory and assistance services*.

• Fees and other charges for abstracting land titles, premiums on insurance (other than payments to the Office of Personnel Management), and surety bonds.

Exclude:

- Advisory and assistance services contracts, which are classified under object class 25.1, Advisory and assistance services.
- Contractual services reported in other object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.1, 25.3–25.8, and 26.0.
- Services in connection with the initial installation of equipment, when performed by the vendor, which will be classified in object class 31.0, *Equipment*.
- Expenditure transfers between Federal accounts, which are classified in object classes 25.3, Other goods and services from Federal sources, and 92.0, Undistributed, as described below.
- Repair, maintenance, and storage of vehicles and storage of household goods, which are reported in object class 25.7, *Operation and maintenance of equipment*.
- Repairs and alterations to buildings, which are classified in object classes 25.4, *Operation and maintenance of facilities*, or 32.0, *Land and structures*, as appropriate.
- Subsistence and support of persons, which is classified as object class 25.8, *Subsistence and support of persons*.
- Research and development contracts which will be classified in object classes, *Advisory and assistance services*, 25.4, *Operation and maintenance of facilities*, and 25.5, *Research and development contracts*, as appropriate.

Purchases from other Federal Government agencies or accounts *that are not otherwise classified*. **Do not use this object class if a more specific object class applies.** See section 83.14.

Include:

- Rental payments to Federal Government accounts other than the GSA Federal Buildings Fund.
- Interagency agreements for contractual services (including the Economy Act) for the purchase of goods and services, except as described below.
- Expenditure transfers between Federal Government accounts for jointly-funded grants or projects.

Exclude:

- Purchases from State and local governments, the private sector, and Government sponsored enterprises that are not otherwise classified. Classify these in object class 25.2, Other services from non-Federal sources.
- Data communication services (voice, data, and wireless) from other agencies or accounts. Classify these in object class 23.3, Communications, utilities, and miscellaneous charges.
- Agreements with other agencies to make repairs and alterations to

25.3 Other goods and services from Federal sources

	Entry	Description
		buildings. Classify these in object classes 25.4, <i>Operation and maintenance of facilities</i> , or 32.0, <i>Land and structures</i> , as appropriate.
		• Storage and maintenance of vehicles and household goods. Classify these in object class 25.7, <i>Operation and maintenance of equipment</i> .
		• Subsistence and support of persons. Classify these in object class 25.8, <i>Subsistence and support of persons</i> .
		• Development of software, or maintenance of software or hardware. Classify these in object classes 31.0, <i>Equipment</i> , and 25.7, <i>Operation and maintenance of equipment</i> , respectively.
		• Advisory and assistance services. Classify these in object class 25.1, <i>Advisory and assistance services</i> .
		• Payments made to other agencies for services of civilian employees or military personnel on reimbursable detail. Classify these in object class 11.8, <i>Special personal services payments</i> .
		• Contractual services classified under object classes 21.0, 22.0, 23.1–23.3, 24.0, 25.2, 25.4–25.8, and 26.0.
25.4	Operation and maintenance of facilities	Operation and maintenance of facilities when done by contract with the private sector or another Federal Government account. Include:
		• Government-owned contractor-operated facilities (GOCOs).
		• Service contracts and routine repair of facilities and upkeep of land.
		 Operation of facilities engaged in research and development activities.
		Exclude:
		 Alterations, modifications, or improvements to facilities and land, which will be reported in object class 32.0, Land and structures.
25.5	Research and development contracts	Contracts for the conduct of basic and applied research and development. Exclude:
		• Advisory and assistance services for research and development (object class 25.1, <i>Advisory and assistance services</i>).
		 Operation and maintenance of R&D facilities (object class 25.4, <i>Operation and maintenance of facilities</i>).
25.6	Medical care	Payments to private sector contractors as well as Federal agency contractors for medical care. Include:
		Payments to Medicare contractors.
		• Payments to private hospitals.
		 Payments to nursing homes.
		 Payments to group health organizations for medical care services provided to veterans.
		 Payments to carriers by the Employees and retired employees' health benefits fund and the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS).

officers.

Payments to HHS for medical care provided by Public Health Service

	Entry	Description
		Exclude:
		• Contracts with individuals who are reportable under Office of Personnel Management regulations as Federal employees (object class 11.3, <i>Other than full-time permanent</i> , or 11.5, <i>Other personnel compensation</i> , as appropriate).
		 Payments to compensate casual workers and patient help (object class 11.8, Special personal services payments).
25.7	Operation and maintenance of equipment	Operation, maintenance, repair, and storage of equipment, when done by contract with the private sector or another Federal Government account. Include:
		• Storage and care of vehicles and storage of household goods, including those associated with a permanent change of station (PCS).
		 Operation and maintenance of information technology systems, including maintenance that is part of a rental contract, when significant and readily identifiable in the contract or billing.
		 Contractual services involving the use of equipment in the possession of others, such as computer time-sharing or data center outsourcing.
		Exclude:
		• Rental of information technology systems, services and other rentals, which are classified in object class 23.3, <i>Communications, utilities, and miscellaneous charges</i> .
		• Contracts where the principal purpose is to develop or modernize software, which are classified in object class 31.0, <i>Equipment</i> .
25.8	Subsistence and support of persons	Contractual services with the public or another Federal Government account for the board, lodging, and care of persons, including prisoners
		<u>Exclude</u> travel items, which are classified under object class 21.0, <i>Travel and transportation of persons</i> , and hospital care, which is classified under object class 25.6, <i>Medical care</i> .
26.0	Supplies and materials	Commodities that are:
		 Ordinarily consumed or expended within one year after they are put into use.
		 Converted in the process of construction or manufacture.
		• Used to form a minor part of equipment or fixed property.
		• Other property of little monetary value that does not meet any of the three criteria listed above, at the option of the agency.
		Include:
		 Office supplies, such as pencils, paper, calendar pads, notebooks, standard forms (except when specially printed or assembled to order), unprinted envelopes, other office supplies, and property of little monetary value, such as desk trays, pen sets, and calendar stands.
		 Publications, such as pamphlets, documents, books, newspapers, periodicals, records, cassettes, or other publications whether printed, microfilmed, photocopied, or otherwise recorded for auditory or visual use that are off-the-shelf rather than specially ordered by or at the request of the agency.

	T	D
	Entry	Description
		Exclude publications acquired for permanent collections, which are classified under object class 31.0, <i>Equipment</i> .
		 Information technology supplies and materials, such as manuals, data storage media (CD-ROM, diskettes, digital tape), and toner cartridges for laser printers or fax machines.
		<u>Exclude</u> charges for off-the-shelf software purchases which should be classified in object class 25.1, <i>Advisory and assistance services</i> , if the purchase is an integral part of a consulting services contract, or object class 31.0, <i>Equipment</i> , if the purchase is considered equipment.
		 Chemicals, surgical and medical supplies.
		• Fuel used in cooking, heating, generating power, making artificial gas, and operating motor vehicles, trains, aircraft, and vessels.
		• Clothing and clothing supplies, such as materials and sewing supplies used in manufacture of wearing apparel.
		 Provisions such as food and beverages.
		 Cleaning and toilet supplies.
		 Ammunition and explosives.
		 Materials and parts used in the construction, repair, or production of supplies, equipment, machinery, buildings, and other structures.
30	ACQUISITION OF ASSETS	This major object class covers object classes 31.0 through 33.0. Include capitalized (depreciated) assets and non-capitalized assets.
31.0	Equipment	Purchases of:
		 Personal property of a durable nature, that is, property that normally may be expected to have a period of service of a year or more after being put into use without material impairment of its physical condition or functional capacity.
		• The initial installation of equipment when performed under contract.
		Include:
		• Transportation equipment.

- Furniture and fixtures.
- Publications for permanent collections.
- Tools and implements.
- Machinery including construction machinery.
- Instruments and apparatus.
- Information technology hardware or software, custom and commercial off-the-shelf software, regardless of cost, such as central processing units (CPUs), modems, signaling equipment, telephone and telegraph equipment, and large scale system integration services.

Exclude software that is an integral part of consulting services contracts, as defined in object class 25.1, *Advisory and assistance services*. Also exclude rental of information technology systems and services, which are classified under object class 23.3, *Communications, utilities, and miscellaneous charges*.

- Armaments including special and miscellaneous military equipment.
- Payments for lease-purchase contracts for information technology

	Entry	Description
		and telecommunications equipment.
		Exclude:
		• Supplies and materials classified under object class 26.0, Supplies and materials; purchase of fixed equipment, which is classified under object class 32.0, Land and structures; and operation, maintenance and repair of equipment classified in object class 25.7, Operation and maintenance of equipment.
32.0	Land and structures	Purchase and improvement (additions, alterations, and modifications) of land and structures.
		Include:
		• Land and interest in lands, including easements and rights of way.
		 Buildings and other structures, including principal payments under lease-purchase contracts for construction of buildings.
		 Nonstructural improvements of land, such as landscaping, fences, sewers, wells, and reservoirs.
		• Fixed equipment when acquired under contract (whether an addition or a replacement). These are fixtures and equipment that become <i>permanently</i> attached to or a part of buildings or structures. Examples include elevators, plumbing, power-plant boilers, fire-alarm systems, lighting or heating systems, and air-conditioning or refrigerating systems. Include the cost of the initial installation when performed under contract. Exclude:
		 Routine maintenance and repair, which will be classified in object class 25.4, Operation and maintenance of facilities.
33.0	Investments and loans	Purchase of investments and loans. Include:
		 Stocks, bonds, debentures, and other securities that are <u>neither</u> U.S. Government securities <u>nor</u> securities of wholly-owned Federal Government enterprises.
		 Temporary or permanent investments.
		 Interest accrued at the time of purchase and premiums paid on all investments.
		Note: For credit "program" accounts and "liquidating" accounts, see section 185 for object classification related to defaults. There should be no object classification for credit "financing" accounts printed in the Appendix. However, the agency's financial system should continue to provide object class information for the "financing" accounts.
40	GRANTS AND FIXED CHARGES	This major object class covers object classes 41.0 through 44.0.
41.0	Grants, subsidies, and contributions	Cash payments to States, other political subdivisions, corporations, associations, and individuals. Include: Grants (including shared revenues).
		Subsidies (including credit program costs).
		Gratuities and other aid (including readjustment and other benefits for veterans, other than indemnities for death or disability)

for veterans, other than indemnities for death or disability).

- Contributions to foreign countries, international societies, commissions, proceedings, or projects that are:
 - 1. Lump sum or quota of expenses.
 - 2. Fixed by treaty.
 - 3. Discretionary grants.
- Taxes imposed by State and local taxing authorities where the Federal Government has consented to taxation (excluding the employer's share of Federal Insurance Contribution Act taxes) and payments in lieu of taxes.

Note: Obligations under grant programs that involve the furnishing of services, supplies, materials, and the like by the Federal Government, rather than cash, are not charged to this object class, but to the object class representing the nature of the services, articles, or other items that are purchased.

42.0 Insurance claims and indemnities

Benefit payments from the social insurance and Federal retirement trust funds and payments for losses and claims including those under the Equal Access to Justice Act.

Include:

Social insurance and retirement payments for individuals from special and **trust funds** for:

- Social security.
- Medicare.
- Unemployment insurance.
- Railroad retirement.
- Federal civilian retirement.
- Military retirement.
- Other social insurance and retirement programs.

Insurance payments from Federal insurance revolving funds, such as the Bank Insurance Fund, for:

- Liquidation and insurance.
- Litigation settlements due receivers and trustees.
- Working capital outlays.
- Net case resolution losses.
- Other unpaid resolution obligations, not otherwise classified.

Other claim or indemnity payments:

- To veterans and former civilian employees or their survivors for death or disability, whether service-connected or not.
- Of claims and judgments arising from court decisions or abrogation of contracts; indemnities for the destruction of livestock, crops, and the like; damage to or loss of property; and personal injury or death.
- To or for persons displaced as a result of Federal and federally assisted programs, as authorized under <u>42 U.S.C. 4622–4624</u>.
- For losses made good on Government shipments.
- From liquidating accounts on guarantees where no asset is received and where forgiveness is not provided by law.

	Entry	Description
		<i>Note:</i> Classify other payments by Federal insurance revolving funds to the object classes to which they apply, for example classify premiums on investments in object class 33.0, Investments and loans, and interest expenses in object class 43.0, Interest and dividends).
43.0	Interest and dividends	Include:
		 Payments to creditors for the use of moneys loaned, deposited, overpaid, or otherwise made available (including the payments of principal, in exceptional cases, where the repayment is made via an obligation and outlay).
		• Distribution of earnings to owners of trust or other funds.
		 Interest payments under lease-purchase contracts for construction of buildings.
		Exclude the interest portion of the payment of claims when a contract has been delayed by the Government. Classify these costs under the same object class used for the original contract.
44.0	Refunds	Payments of amounts collected by the Government in a previous fiscal year. Include:
		 Payments to correct errors in computations, erroneous billing, and other factors (see section <u>20.10</u>).
		 Payments to former employees or their beneficiaries for employee contributions to retirement and disability funds (e.g., payments made when employees die before retirement or before their annuities equal the amount withheld).
		 Payments to return cash advances or other offsetting collections or special or trust fund receipts received in a prior fiscal year (see section <u>20.11</u>).
		<i>Note</i> : In the account receiving the refund, previously recorded obligations will be reduced in the appropriate object class(es) by the amount of the refund, if the refund is received in the same year as the obligations are reported (see section 20.10).
90	OTHER	This major object class covers object classes 91.0 through 99.5.
91.0	Unvouchered	Charges that may be incurred lawfully for confidential purposes and are not subject to detailed vouchering or reporting.
92.0	Undistributed	Charges that cannot be distributed to the object classes listed above.
		Use this object class only with the prior approval of OMB.
94.0	Financial transfers	This object class is used for obligations that represent financial interchanges between Federal government accounts that are not in exchange for goods and services, e.g., an expenditure transfer that shifts budgetary resources between Federal funds and trust funds regardless of the purpose.
99.0	Subtotal, obligations	This entry is automatically generated by MAX:
		 For <i>direct</i> obligations, the subtotal stub entry should appear when more than one object class category is reported in a single account. For <i>reimbursable</i> obligations, the subtotal stub entry, "Reimbursable obligations," should appear, even if all reimbursable obligations are classified in a single object class category.
99.5	Adjustment for rounding	Use this object class adjustment line when the sum of the object class detail lines differ from total obligations due to rounding the detail amounts to the

	Entry	Description
		million. Amounts can be negative.
		There will be only one adjustment line per object class schedule. It will:
		• Follow the last subtotal (object class 99.0) for the schedule.
		• Be coded 9995 in MAX.
		Do not report amounts of more than +/- \$4 million in this object class, unless approved by OMB.
99.9	Total new obligations, unexpired accounts	

83.7 What object classes do I associate with civilian and military pay and benefits in the baseline?

Civilian pay and benefits means the budgetary resources used to fund civilian compensation and benefits consistent with object classes 11.1 through 11.5 and 12.1.

Military pay and benefits means the budgetary resources used to fund military personnel compensation and benefits consistent with object classes 11.6, 11.7 and 12.2.

83.8 How do I classify relocation expenses related to a permanent change of station (PCS)?

When an employee accepts a Federal position at a different location, such as at a different State, this is called a permanent change of station. An agency, at its discretion, may reimburse the employee for a variety of expenses related to the relocation. Follow the instructions in the table to classify these expenses among the object classes.

If the obligations are for	Then classify in object class
Transportation, per diem while in travel status, or reimbursement of actual travel expenses for the employee or the employee's immediate family	21.0 Travel and transportation of persons
Transportation of household goods, house trailers, and effects	22.0 Transportation of things
Storage and care of vehicles and household goods	25.7 Operation and maintenance of equipment
All other relocation expenses for <i>civilian</i> employees, such as:	12.1 Civilian personnel benefits
 Allowances for expenses incurred in connection with a sale of a residence or settlement of an unexpired lease. 	
 Subsistence when occupying temporary quarters (in contrast to per diem while in travel status, above). 	
 Reimbursements of amounts equal to income taxes incurred by transferred employees for moving or storage expenses under <u>5 U.S.C.</u> <u>5724(b)</u>. 	
 Contractual charges for relocation services under <u>5 U.S.C. 5724(c)</u>. 	

If the obligations are for	Then classify in object class	
• Miscellaneous moving expenses under <u>5 U.S.C.</u> <u>5724(a).</u>		
All other relocation expenses for military personnel	12.2 Military personnel benefits	

83.9 How do I classify purchases related to information technology (IT)?

The general rule on how to classify IT obligations among the various object classes is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for	Then classify in object class
IT services or the rental of IT equipment	23.3 Communications, utilities, and miscellaneous charges
Operation and maintenance of IT systems by the private sector	25.7 Operation and maintenance of equipment
Operation and maintenance of IT systems by another Federal Government account	25.7 Operation and maintenance of equipment
IT hardware and software	31.0 Equipment
IT supplies and materials, such as manuals, diskettes, toner cartridge	26.0 Supplies and materials
IT consulting services in the form of:	
 Management and professional support services. 	25.1 Advisory and assistance services
• Studies, analyses, and evaluations.	
 Engineering and technical services. 	

83.10 How do I classify obligations for education and training?

The general rule on how to classify education and training obligations among the various object classes is to focus on the nature of the services, articles or other items for which obligations are first incurred. The following table shows the application of this rule.

If the obligations are for	Then classify in object class
Payments of tuition to universities or colleges leading to a degree, or for attendance at conferences	25.2 Other services from non-Federal sources
All other payments to a private sector company for training courses	25.1 Advisory and assistance services
Payments to other Federal government agencies for training courses	25.1 Advisory and assistance services

If the obligations are for	Then classify in object class
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for civilian employees	12.1 Civilian personnel benefits
Payment to the loan holder (e.g., the bank) to repay an employee's student loan as a recruitment incentive	12.1 Civilian personnel benefits
Cash allowances for the education of dependents that are provided as recruitment and retention incentives for military personnel	12.2 Military personnel benefits

83.11 How do I classify obligations for real property (space, land, and structures)?

Classify obligations for the *purchase*, *including lease purchase*, *or improvement* (that is, alteration or modification) of real property in object class 32, *Land and structures*.

Classify the *rental or lease* of real property, as follows:

If the obligation are for	And if	Then classify in object class
Payment to another Federal government account	The other account is GSA's Federal Buildings Fund*	23.1 Rental payments to GSA
Payment to another Federal government account	The other account is NOT GSA's Federal Buildings Fund	Purchases of goods and services from Government accounts
		Note: The paying account must use this object class code but may change the title to "Rental payments to GSA."
Payment to the private sector		23.2 Rental payments to others

^{*} Classify amounts for the *standard* services, such as cleaning and security, covered by the *basic rental charge* assessed by GSA in object class 23.1, *Rental payments to GSA*. However, if the payment is for rent "related" services provided by GSA in addition to services provided under rental payments, for example, extra protection or extra cleaning, report the amounts under object class 25.3, *Other goods and services from Federal sources*.

GSA operating delegations. When GSA *delegates* the operation of a facility back to an agency ("operating delegations"), the agency is in charge of operating the facility. GSA bills for basic rental charges differ depending on whether the building is owned or leased by GSA.

For GSA-leased buildings, the GSA bills the total (gross) amount of the basic rental charge which includes a charge for operating the building. In these cases, the following transactions occur:

- GSA bills the agency for the *gross* amount of the basic rental charge.
- Agency records obligations in object class 23.1, *Rental payments to GSA*, and pays GSA's Federal Buildings Fund the *gross* amount.
- GSA *rebates* the amount for operating the facility back to the agency.
- Agency records the amount rebated as offsetting collections.

- If the agency, in turn, contracts with the private sector to clean the facilities, the obligations are classified in object class 25.4, *Operation and maintenance of facilities*.
- If the agency, in turn, contracts with another agency (for example, to guard the building), the obligations are classified in object class 25.3, Other goods and services from Federal sources.

The above treatment will continue for rental of *GSA-leased buildings*.

83.12 How do I classify obligations for Federal civilian retirement under the Civil Service Retirement System (CSRS)?

Use the following:

If the obligations are for	Then classify in object class
The accrual for the future retirement cost of current civilian personnel covered by CSRS that is charged to the accounts that pay direct compensation to those personnel. Note: The corresponding receipts credited to the civil service retirement and disability trust fund are treated as undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).	12.1 Civilian personnel benefits
The Government's share of retirement costs that amortize increases in the static unfunded liability created since October 20, 1969 by any statute which authorizes new or liberalized benefits, an extension of retirement coverage, or pay increases Note: This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.	12.1 Civilian personnel benefits
Interest on the static unfunded liability and annuity disbursements attributable to military service and the payment to provide annuities to former spouses of annuitants who died between September 1978 and May 1986 and who did not elect survivor coverage	13.0 Benefits for former personnel
<i>Note:</i> This applies to OPM's "Payment to the Civil Service Retirement and Disability Fund" account only.	
Payments to CSRS retirees Note: This applies to OPM's "Civil Service Retirement and Disability Fund" account only.	42.0 Insurance, claims, and indemnities

83.13 How do I classify obligations for military retirement?

Since 1985, when the financing of military retirement changed to an accrual basis, the payments should be classified as follows:

If the obligations are	Then classify in object class
The accrual for the future retirement cost of current military personnel that is charged to the accounts that pay direct compensation to those personnel	12.2 Military personnel benefits
<i>Note:</i> The corresponding receipts credited to the military retirement trust fund are treated as	

If the obligations are	Then classify in object class
undistributed offsetting receipts (Employer share, employee retirement on the inter fund transaction line).	
From general revenues to the military retirement fund to finance retirement costs for service prior to 1985	13.0 Benefits for former personnel
<i>Note:</i> This applies to the "Payment to Military Retirement Fund" account only.	
Made to military retirees	
Note: This applies only to the "Military Retirement Fund" and the Veterans Affairs "Compensation and Benefits" accounts .	42.0 Insurance, claims, and indemnities

See also section <u>83.16</u> for the classification of Tricare benefits earned by all uniformed service members.

83.14 How do I classify intragovernmental transactions?

For payments between two Federal Government accounts for:

- Relocation expenses, see section <u>83.8</u>;
- Information technology, see section <u>83.9</u>;
- Education and training, see section <u>83.10</u>;
- Real property, see section <u>83.11</u>;
- Federal civilian retirement under CSRS, see section <u>83.12</u>; and
- Military retirement, see section <u>83.13</u>.

For other payments between two Federal Government accounts, classify the obligations as follows:

If the obligations are	Then classify in object class			
Transfers by the paying account to reimburse		The paying account should classify the <i>direct</i> obligations in		
the receiving account for an asset or a service with a specific object class	•	ject class that best describes the purchase, such as:		
	21.0	Travel and transportation of persons		
	22.0	Transportation of things		
	23.1	Rental payments to GSA		
	23.2	Rental payments to others		
	23.3	Communications, utilities, and miscellaneous charges		
	24.0	Printing and reproduction		
	25.1	Advisory and assistance services		
	25.4	Operation and maintenance of facilities		
	25.5	Research and development contracts		
	25.6	Medical care		
	25.7	Operation and maintenance of equipment		
	25.8	Subsistence and support of persons		
	26.0	Supplies and materials		
	31.0	Equipment		
	32.0	Land and structures		
	33.0	Investment and loans		

If the obligations are	Then classify in object class	
	43.0 Interest and dividends44.0 Refunds	
Transfers by the paying account to reimburse the receiving account for an asset or a service without a specific object class	25.3 Other goods and services from Federal sources. Do not use this object class if a more specific object class applies.	
Transfers that merely moves resources between Federal government accounts (e.g., expenditure transfers between a trust fund and Federal fund accounts). Normally these transfers result from appropriations action or general transfer authority where the obligations are simply accounting transfers.	94.0 Financial transfers Note: The paying account should report direct obligations in object class 94.0 and the receiving account should distribute the obligations as direct obligations in the appropriate object classes.	

83.15 How do I classify obligations under the Intergovernmental Personnel Act (IPA)?

Under the IPA, a Federal employee, with his or her consent, may be assigned temporarily to a non-Federal organization.

- Detailed Federal employees. A detailed Federal employee continues to receive pay, allowances, and benefits from the Federal agency. In some cases, these costs are reimbursed by the non-Federal organization.
- Federal employees on leave without pay (LWOP). A Federal employee on LWOP is paid by the non-Federal organization to which he or she is assigned. The salary paid by the non-Federal organization may be more or less than the employee's current Federal salary. If the rate of pay of the non-Federal organization is less, then the Federal agency may pay a supplemental salary to the employee.

Also under the IPA, an employee of a non-Federal organization may be assigned temporarily to a Federal agency either (1) with a temporary Federal appointment or (2) on detail.

- Non-Federal employees with temporary Federal appointments. A non-Federal employee with a temporary Federal appointment is paid by the Federal agency to which he or she is assigned. However, he or she is eligible to enroll in the Federal Employees Health Benefits program only if the Federal appointment results in the loss of coverage under the non-Federal health benefits system. He or she is not covered by any retirement system for Federal employees or by the Federal Employees Group Life Insurance Program.
- Non-Federal employees detailed to a Federal Position. A non-Federal employee who is detailed to a Federal agency continues to receive pay, allowances, and benefits from the non-Federal organization to which he or she is employed. In some cases these costs may be reimbursed by the Federal agency. In addition, if the non-Federal salary of the employee on detail is less than the minimum rate of pay for the Federal position, the Federal agency may supplement the salary to make up the difference.

Cost-sharing arrangements for IPA assignments are negotiated between the participating organizations. The Federal agency may agree to pay all, some, or none of the costs associated with an assignment. These include basic pay, supplemental pay, fringe benefits, and travel and relocation expenses.

Because of these cost-sharing arrangements you should use the following table to classify these obligations.

If the obligations are	And if the employees is	Then	classify in object class
Regular salaries and wages	Federal full-time and on detail to a non-Federal organization	11.1	Full-time permanent
	Federal but not full-time and on detail to a non-Federal organization Non-Federal with a temporary Federal appointment.	11.3	Other than full-time permanent
	Non-Federal on detail to a Federal agency to provide consulting services	25.1	Advisory and assistance services
	Non-Federal on detail to a Federal agency to provide services other than consulting	11.8	Special personal services payments
Supplemental pay	Federal on LWOP Non-Federal on detail	11.8	Special personal services payments
Cash incentive awards	Federal Non-Federal with a temporary Federal appointment (<i>Note:</i> you cannot give this type of award to a non-Federal employee who is detailed to a Federal position.)	11.5	Other personnel compensation
Travel or relocation expenses		See se	ctions <u>83.5</u> and <u>83.9</u>
Other expenses		See section <u>83.5</u>	

83.16 How do I classify obligations for Tricare benefits for uniformed service members?

Tricare is a regionally administered program which provides healthcare for uniform service members, retirees, survivors, and their families. This program combines healthcare resources of the Air Force, Army, and Navy while enhancing them with a variety of civilian healthcare professionals.

The National Defense Authorization Act replaces annual appropriations to the military personnel accounts of the Department of Defense (DoD) with permanent, indefinite appropriations from the General Fund of the Treasury. The Tricare accrual payments are made at the beginning of each year, instead of at the end of each month, and will be based on planned troop levels within the enacted DoD budget, instead of on the actual number of military personnel at the end of each month. The funding is shown in separate accounts for the Army, the Navy, the Marine Corps, the Air Force, the Army reserve, the Navy reserve, the Marine Corps reserve, the Air Force reserve, the Army National Guard and the Air Force National Guard. These accounts will, in turn, pay the accruals to the DoD Medicare-Eligible Retiree Health Care Fund.

Tricare benefits are earned by all current uniformed service members not just those in the DoD. This means that accounts for the Commissioned Corps in the Public Health Service in the Department of Health and Human Services, the United States Coast Guard in the Department of Homeland Security, and the Commissioned Corps in the National Oceanic and Atmospheric Administration in the Department of Commerce will also pay the accruals to the DoD Medicare-Eligible Retiree Health Care Fund.

In turn, the DoD Medicare-Eligible Retiree Health Care Fund pays the health benefits for retired members of the uniformed service.

If the obligations are	Then classify in object class
The employing agency contributions by the Department of Defense (DoD), the Department of Health and Human Services, the Department of Homeland Security, and the Department of Commerce to the special DoD Medicare-Eligible Retiree Health Care Fund to pay for <i>future</i> benefits earned by <i>current</i> uniformed service members.	12.2 Military personnel benefits
Note: The corresponding receipts deposited in the special fund receipt account are permanently appropriated to the DoD Medicare-Eligible Retiree Health Care Fund expenditure account.	
The annual payment from the general treasury to finance the accrued unfunded liability of <i>retired</i> uniformed servicemembers. This is paid to the DoD Medicare-Eligible Retiree Health Care Fund.	13.0 Benefits for former personnel
<i>Note:</i> This applies to the "Payment to the DoD Medicare-Eligible Retiree Health Care Fund."	
Direct payments for uniformed service retirees. Note: This applies to the "DoD Medicare-Eligible Retiree Health Care Fund" account only."	42.0 Insurance, claims, and indemnities

83.17 How is object class information presented in MAX schedule O and the *Appendix*?

You must first enter all object class information in MAX schedule O in order to populate the *Appendix* with object class data. The *Appendix* presents object class information in tables called object class schedules, which display the object class codes, the object class titles, and the amounts of obligations in the past, current, and budget year.

MAX Schedule O. Object class data are displayed in MAX on the basis of a 4-digit line number followed by a 2-digit line serial number. The 4-digit line number is made up of a *prefix* and a 3-digit object class code. The prefix for direction obligations is 1xxx and for reimbursable obligations is 2xxx. See exhibit 83A for a list of the 3-digit object class codes.

Note: The 3-digit object class code in MAX schedule O is the same 3-digit object class code in the *Appendix*, except that in the *Appendix* there is a decimal before the last digit. See section 83.7 for the definitions of the object classes.

Appendix schedules. The object class schedules in the Appendix present the 3-digit object class codes and the object class titles.

Normally, the *Appendix* will include a separate object class schedule for each P&F schedule that reports obligations (see exhibits <u>83B</u>). However, when all obligations in a P&F schedule are classified in a *single object class*, there will be no object class schedule in the *Appendix*. Instead, the code for the appropriate object class will be identified in the P&F schedule in parentheses at the end of the line for total new obligations, unexpired accounts. For example, if all obligations in a P&F are for grants, then "(object class 41.0)" will be at the end of the stub entry on line 10.00 of the P&F. Although there will be no object class schedule printed in the *Appendix*, you must enter the data in MAX schedule O.

Normally, the *Appendix* includes only one object class line for each object class code and uses the standard titles listed in section <u>83.7</u>. The default 2-digit line serial number is 01. However, you may insert additional object class lines in MAX and edit the standard titles. For example, to present employee travel separately from grantee travel in object class 21.0, *Travel and transportation of persons*, you may insert another line in MAX schedule O, edit the standard titles, and distribute the obligations between the two lines.

Allocations between agencies. In some cases, funds appropriated to the President or to an agency are allocated to one or more agencies that help to carry out the program. Obligations incurred under such allocations are included in the data for the account to which the appropriation was made in the allocating agency, that is, the parent account. The parent account must enter the data in MAX schedule O. The parent account may use additional object class lines (as described above) to separately present the parent and allocation account activity.

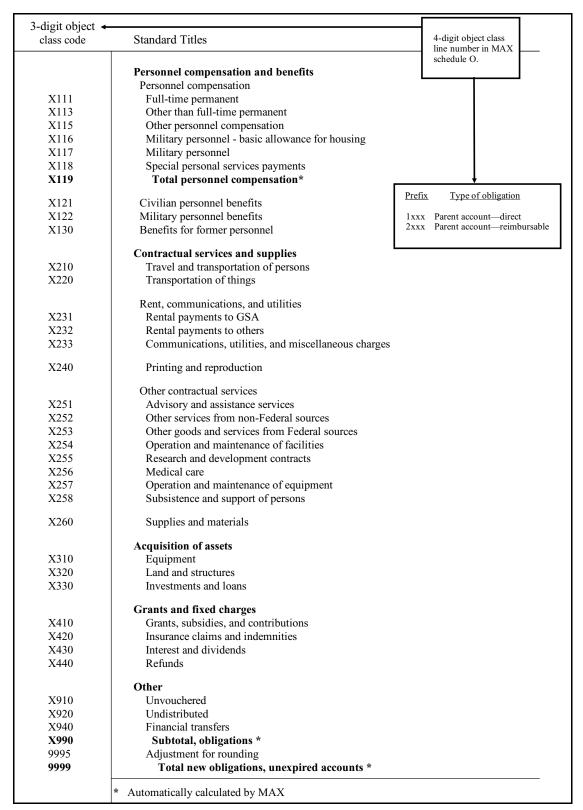
83.18 When I report data in MAX schedule O will it generate subtotals or totals?

Yes. MAX will generate subtotals for different types of obligations from the amounts that you entered, as follows:

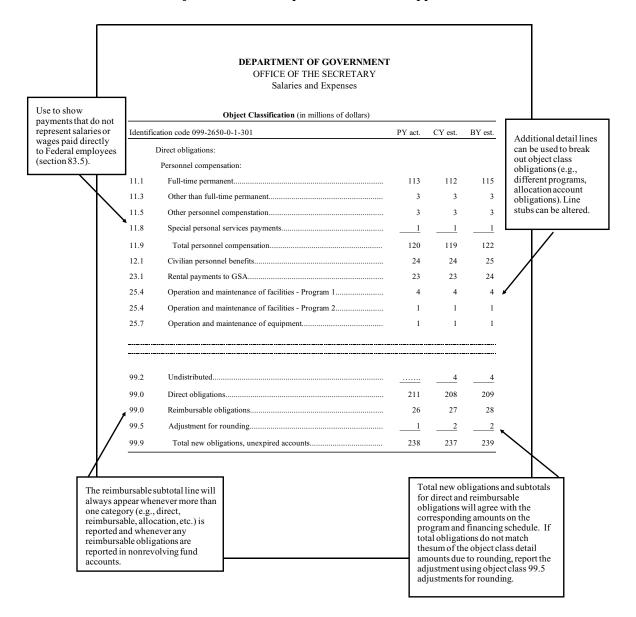
- For "reimbursable" obligations (lines 2xxx), MAX will automatically generate a subtotal line 2990 when you enter "at least one" amount on lines 2xxx.
- For "direct" obligations (lines 1xxx), MAX will automatically generate a subtotal line 1990 when you enter "more than one" amount on lines 1xxx

MAX will generate "Total new obligations, unexpired accounts" on line 9999, when you enter more than one amount above this line.

Summary of Object Class Codes and Standard Titles (MAX Schedule O)



Object Classification presentation in the Appendix



SECTION 84—CHARACTER CLASSIFICATION (SCHEDULE C)

Table of Contents

- 84.1 What is the purpose of the character classification system?
- What are the various character classifications and how are they used?
- What do I need to know about reporting the data and relationships with other data requirements?
- 84.4 How do I report character classification in MAX?
- Ex-84 Summary of Character Classification Codes (Schedule C)

Summary of Changes

Includes additional explanations on the various character classifications and how they are used (section 84.2)

Clarifies the requirements for general reporting and relationships with other data (section <u>84.3</u>).

Clarifies that lines 1321 and 1322 refer to major moveable equipment; further defines the conduct of research and development character classifications; and renames lines 1431 and 1432 as experimental development (section <u>84.4</u>).

84.1 What is the purpose of the character classification system?

Character classification is used to distinguish between funding for investment and non-investment activities in the Budget. Within investment, the character classification system distinguishes between funding for physical assets, the conduct of research and development, and the conduct of education and training. Character classification is also used to report data on grants to State and local governments separately from direct Federal programs. Character classification is recorded in Schedule C of MAX A-11 Data Entry (MAX). See exhibit 84 for a summary of character classification line numbers in Schedule C and see section 79 for more information about MAX generally.

84.2 What are the various character classifications and how are they used?

Investment activities in Schedule C are coded as Construction and rehabilitation (lines 1311-1314); Major equipment (lines 1321-1324); Commodity inventories (line 1330); Purchases and sales of land and structures for Federal use (line 1340); Other physical assets (lines 1351-1352); Conduct of research and development (lines 1411-1432); and Conduct of education and training (lines 1511-1512).

Non-investment activities are coded as Grants, other than shared revenues (line 2001); Grants, shared revenues (line 2003); and Direct federal programs (line 2004).

In every classification series, grants are coded on odd numbered lines while direct federal programs are coded on even numbered lines. See section <u>84.4</u> for detailed descriptions of all of the line numbers that you must use to report character classification.

(a) Federal Investment (character class codes 1xxx)

Federal investment is spending for programs and activities that will yield benefits largely in the future.

(b) Physical assets (character class codes 13xx)

Physical assets are land, structures, equipment, and intellectual property (e.g., software or applications) that have an estimated useful life of two years or more; and commodity inventories. This character class code is used to enter amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its use. Within this character class code, agencies are also required to identify spending for R&D facilities and major equipment.

For reporting construction of R&D facilities, include the following:

• Construction of facilities that are necessary for the execution of an R&D program. This may include land, major fixed equipment, and supporting infrastructure such as a sewer line, or housing at a remote location. Many laboratory buildings will include a mixture of R&D facilities and office space. The fraction of the building that is considered to be R&D may be calculated based on the percentage of the square footage that is used for R&D.

Exclude:

- Construction of other facilities (which should be reported in the other construction and rehabilitation category on line 1313 or 1314).
- Major movable R&D equipment.

For reporting major moveable R&D equipment, include the following:

- Acquisition, design, or production of major movable equipment, such as mass spectrometers, research vessels, DNA sequencers, and other movable major instruments for use in R&D activities.
- Programs of \$1 million or more that are devoted to the purchase or construction of R&D major equipment (see section <u>84.3(a)</u>).

Exclude:

- Minor equipment purchases, such as personal computers, standard microscopes, and simple spectrometers.
- (c) Conduct of research and development (character class codes 14xx)

Research and experimental development activities are defined as creative and systematic work undertaken in order to increase the stock of knowledge—including knowledge of people, culture, and society—and to devise new applications using available knowledge.

For reporting R&D activities, include the following:

• Administrative expenses for R&D, such as the operating costs of research facilities and equipment and other overhead costs.

Exclude:

- Investments in physical assets such as major equipment and facilities that support R&D programs. These investments should generally be reported under physical assets (13xx), discussed above.
- Routine product testing, quality control, collection of general-purpose statistics, routine monitoring, and evaluation of an operational program (when that program is not R&D). Spending of this type should generally be reported as non-investment activities (2xxx).
- Training of scientific and technical personnel should be reported as conduct of education and training (15xx). However, if an activity includes a mixture of R&D objectives as well as the education of graduate students, agencies should report under the lowest relevant line number in the 14xx series (see section 84.3(a)).

Additional discussion and examples of activities to include or exclude are available in the <u>R&D Reporting</u> <u>Community of Practice page in the MAX Community.</u>

Agencies should use these character classifications to identify three different types of R&D:

- 1. Basic research (character class codes 141x). Experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts. Basic research may include activities with broad or general applications in mind, such as the study of how plant genomes change, but should exclude research directed towards a specific application or requirement, such as the optimization of the genome of a specific crop species.
- 2. Applied research (character class codes 142x). Original investigation undertaken in order to acquire new knowledge. Applied research is, however, directed primarily towards a specific practical aim or objective.
- 3. Experimental development (character class codes 143x). Creative and systematic work, drawing on knowledge gained from research and practical experience, which is directed at producing new products or processes or improving existing products or processes. Like research, experimental development will result in gaining additional knowledge.

For reporting experimental development activities, include the following:

- The production of materials, devices, and systems or methods, including the design, construction and testing of experimental prototypes.
- Technology demonstrations, in cases where a system or component is being demonstrated at scale for the first time, and it is realistic to expect additional refinements to the design (feedback R&D) following the demonstration. However, not all activities that are identified as "technology demonstrations" are R&D.

Exclude:

- User demonstrations where the cost and benefits of a system are being validated for a specific use case. This includes low-rate initial production activities.
- Pre-production development, which is defined as non-experimental work on a product or system before it goes into full production, including activities such as tooling and development of production facilities. For example, exclude activities and programs that are categorized as "Operational Systems Development" in DOD's budget activity structure. Activities and programs of this type should generally be reported as investments in other major equipment (1323 or 1324).
- (d) Conduct of education and training (character class codes 15xx)

Conduct of education and training includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. This character classification excludes training of military personnel or other persons in Government service.

(e) Grants to State and local governments (character class codes xxx1 or xxx3)

For preparing character classification data, State or local governments include the following:

- The 50 States and the District of Columbia.
- Cities, counties, townships, municipalities, school districts, special districts, and other local governmental units, as defined by the Bureau of the Census.

- Puerto Rico, the Virgin Islands, and other U.S. territories.
- The Federated States of Micronesia, Marshall Islands, and Palau, if the payments are in an account that has grants to other State or local governments.
- Indian Tribal governments when:
 - The legislation authorizing the payment includes such entities within the definition of eligible State or local units.
 - ▶ The Tribal government acts as a nonprofit agency operating under State or local auspices.
- Quasi-public nonprofit entities, such as community action agencies, when the boards of such entities
 must either be elected in State or local elections, or must include significant representation of State
 or locally elected officials.

Report budget authority and outlays as grants to State and local governments if the Federal Government's resources support State or local programs of government operations or provision of services to the public. For reporting character classification data for grants, include the following:

- Direct cash grants to State or local governmental units, to other public bodies established under State or local law, or to their designee.
- Payments for grants-in-kind, such as purchases of commodities distributed to State or local governmental institutions (e.g., school lunch programs).
- Payments to nongovernmental entities when such payments result in cash or in-kind services or products that are passed on to State or local governments, for example, payments to the Corporation for Public Broadcasting, or to the American Printing House for the Blind.
- Payments to regional commissions and organizations that are redistributed at the State or local level to provide public services.
- Payments to State and local governments for research and development that is an integral part of the
 State and local governments' provision of services to the general public (e.g., research on crime
 control financed from law enforcement assistance grants, or on mental health associated with the
 provision of mental rehabilitation services; see discussion below for exclusions related to research
 and development and payments for services rendered).
- Direct loan or loan guarantee subsidies to State or local governments.
- Shared revenues. These payments to State or local governments are computed as a percentage of the proceeds from the sale of certain Federal property, products, or services (e.g., payments from receipts of Oregon and California grant lands). Tax or other collections by the Federal Government that are passed on to State or local governments (e.g., internal revenue collections for Puerto Rico) are also included.

Exclude the following:

- Federal administrative expenses associated with grant programs.
- Grants directly to profit-making institutions, individuals, and nonprofit institutions not covered above, for example, payments to Job Corps centers and trainees.

- Payments for research and development not directly related to the provision of services to the general public, for example, basic research awarded via competitive grants.
- Payments for services rendered, for example, utility services, training programs and expenses for Federal employees, research and development for Federal purposes conducted under contracts, grants, or agreements by such agencies as the National Institutes of Health (NIH), the National Science Foundation (NSF), the Department of Energy (DOE), the National Aeronautics and Space Administration (NASA), and the Department of Defense (DOD).
- Federal grants to cover administrative expenses for regional bodies and other funds not redistributed to the States or their subordinate jurisdictions (e.g., the administrative expenses of the Appalachian Regional Commission).
- (f) Direct Federal programs (character class codes xxx0, xxx2, or xxx4)

Federal programs that are not classified as grants to State and local governments will be classified as direct Federal programs.

84.3 What do I need to know about reporting the data and relationships with other data requirements?

- (a) General requirements
 - Budget authority and outlay totals for each subfunction must be consistent across all schedules and transmits. See section <u>81</u> for more information on entering estimates of budget authority, outlays, and receipts.
 - If an account has only one character class code, MAX will automatically generate the amounts for Schedule C.
 - OMB does not control centrally the addition or deletion of character classification codes of expenditure accounts. If the nature of an account changes or otherwise requires the use of different character classes, you may add (or delete) the appropriate code and enter budget authority and outlays in MAX in that code without advance approval from OMB.
 - If a transaction fits into more than one classification, report it in the classification category with the lowest numerical character classification code. For example, record amounts for construction of research and development facilities in the appropriate 13xx grouping, not in the 14xx grouping.
 - If an account contains activities that fall under two or more character classifications, omit any classification involving less than \$1 million in each of the three fiscal years (PY, CY, and BY), and include the amounts in the next largest classification in that particular account.
 - Character classifications should be used consistently across all transmits, but can change to properly reflect program proposals (e.g., an account with investment funding on line 1512 under current law, could also have a mandatory proposal for a new grant on line 1511 in a transmit 4).
 - If an account has multiple subfunctions, report budget authority and outlays by subfunction.
 - Report credit program accounts related to investments (i.e., for physical assets, the conduct of research and development, or the conduct of education and training) net of offsetting collections.
 - Do not report character class for credit financing accounts.

- Report grants by Budget Enforcement Act (BEA) category (e.g. discretionary or mandatory). In some cases, grants to State and local governments allow the recipient jurisdiction the option of using funds for current or investment-type purposes, such as in community development block programs. In such instances, record all of the budget authority and outlays for grants in the category where the majority of the funds are anticipated to be used.
- (b) Reporting offsetting collections (expenditure accounts)

Offsetting collections are reflected in Schedule C. In almost all cases, offsetting collections will be included in character class code 2004 (direct Federal, non-investment) and netted from the other budget authority and outlays for that code as described below. An exception would be offsetting collections from the sale of physical assets (e.g. land, structures, equipment, or commodities), which will be reported as negative amounts in the correct physical asset character class code.

Identify first the budget authority and outlays for investments and grants (if any) and classify this spending in the appropriate character class code (i.e., character class codes 1xxx, 2001, or 2003). For the remaining spending and offsetting collections, use character class code 2004 as a residual balancing entry to ensure that the sum of entries in Schedule C add to total net budget authority and outlays in Schedule A by subfunction. This means that, in some cases, character class code 2004 amounts can be negative.

As an example, consider an account with net outlays of zero that receives \$50 million in offsetting collections from the public and spends all of it. If half of the outlays are for direct Federal construction, non-R&D (character class code 1314) and half for direct Federal non-investment (character class code 2004), then character class code 1314 would show \$25 million in outlays for construction, and character class code 2004 would show a net -\$25 million. The -\$25 million can be thought of two ways: as a residual balancing entry to ensure that total net outlays are zero, or as the sum of \$25 million for direct Federal non-investment, and -\$50 million for collections from the public. The sum of all character class codes would add to net outlays and, in this example, would be zero.

(c) Classifying activities financed by offsetting collections from Federal sources

If grants to State or local governments or investments are financed by payments from one Federal account to a second Federal account (i.e., offsetting collections from Federal sources), you must ensure that the amounts are recorded as grants or investments only once (i.e., ensure that they are not double-counted). In general, the amounts should be recorded as follows:

- For all grants to State or local governments, record the grants in the second account (i.e., the account that actually makes the payment to the State or local government).
- For direct Federal investment (which includes all investments except grants to State or local governments), record the investment in the account that is primarily responsible for funding the investment. (Note that grants to research institutions are classified as direct Federal investment, not as grants to State or local governments.) This is usually the initial account. For example, if the Environmental Protection Agency (EPA) provides funds to the National Science Foundation (NSF) for research, record the R&D in the EPA account that funds the research, not in NSF. However, in certain cases, primary responsibility might occur in the second account. For example, regarding rental payments to the GSA Federal Buildings Fund, some of the rental receipts may ultimately be used for construction by GSA. In these situations, the investment should be recorded in the second account because primary responsibility for the investment would be in that account.
- (d) Reporting offsetting receipts (receipt accounts)

You must also report offsetting receipts for PY through BY by character class in Schedules K and R. OMB controls the character classification of offsetting receipts centrally, and you must ask your OMB

representative to change the classification before you can enter data under a different code. (See section 79.4 for proposing changes to budget account classifications.)

Report character class information for collections deposited in offsetting receipt accounts in Schedules K (baseline) and R (policy) using the instructions in section 81.3(b). You must use line 2004–xx for offsetting receipt accounts, with the following two exceptions:

- Report the proceeds from the sale of physical assets (e.g., land, structures, equipment, or commodities) in the corresponding physical asset character classes; and
- Report credit reform offsetting receipts for downward reestimates and negative subsidies for investment-related programs (i.e., for physical assets or for the conduct of education and training) on the appropriate investment line number (i.e., 13xx or 1512).

(e) Credit programs

For credit program accounts, classify subsidies and subsidy reestimates for direct loans and loan guarantees and their administrative expenses according to the purpose of the program. For example, credit subsidies for construction should be in the character class for construction and rehabilitation, and credit subsidies for the conduct of education should be in the character class for the conduct of education and training. Do not report character class for credit financing accounts.

(f) Outyear projections

Agencies should enter character class data in the MAX budget data system for PY through BY. MAX will automatically generate outyear projections of grant outlays through BY+9 based on in-year data. Other entries will be shown through BY only.

For the projection of grant outlays MAX will assume, using an algorithm, that the percentage of grant outlays estimated for the outyears is the same as that reported in the BY. For example, if 18 percent of outlays in the account are on line 1511–02 (grant outlays for education and training) in BY, then 18 percent of net outlays will be estimated on line 1511–02 for each outyear. Agencies may view these outyear projections on-screen. If projections do not accurately reflect outyear policy, contact your OMB representative to request permission to override the projections in MAX.

(g) Relationships with other data requirements

You should be able to reconcile information reported in this schedule for the conduct of R&D with information reported in the National Science Foundation's *Survey of Federal Funds for R&D* (see description of line 14xx), and with information provided in the supplemental R&D data request described in (h) below. R&D spending reported in Schedule C should also be consistent with financial reporting on R&D, as required by A-136 Section II.4.10 and the Statement of Federal Financial Accounting Standards 8, Chapter 7.

You should also be able to reconcile the total reported in this schedule for the construction of R&D facilities (1311 or 1312) and major moveable R&D equipment (1321 or 1322) with information reported in the National Science Foundation's *Survey of Federal Funds for R&D* as R&D plant.

(h) Additional research and development reporting requirements

Crosscutting R&D data for specific topics, such as climate change research, and nanotechnology R&D, will be requested in order to meet Congressional reporting requirements. These data are collected outside of MAX A-11 in an online MAX Collect tool (see section 25.5). Annual reports that complement the budget data are issued by components of the National Science and Technology Council. Detailed instructions and definitions will be distributed by OMB staff through a Budget Data Request.

84.4 How do I report character classification in MAX?

In schedules C, K, and R, character class data are identified by a line number that consists of a four-digit number and a two-digit suffix (xxxx–xx). The line number identifies data as investment or non-investment, and as grants or direct Federal programs.

Character class line numbers include the following:

- Investment activities:
 - Lines 13xx, physical assets.
 - ▶ Lines 14xx, research and development (R&D).
 - Lines 15xx, education and training.
- Non-investment activities:
 - Lines 2xxx.

Classify all investment activities in the 1xxx series and all non-investment activities in the 2xxx series. The two-digit suffix differentiates among budget authority, outlays, and offsetting receipts, as follows:

- 01—Budget authority
- 02—Outlays
- 03—Offsetting receipts

Use the guidance in section <u>84.2</u> to ensure that data are reported in the correct categories. Only some of the following codes apply to offsetting receipts; they are specifically noted below with an asterisk (*). All of the line numbers apply to budget authority and outlays.

You can see the previous year's character class data under "Historical reports" on the <u>Budget Season Reports</u> page.

The following table lists the line numbers used to report character classification and provides a description of each line. See exhibit <u>84</u> for a summary of the coding structure.

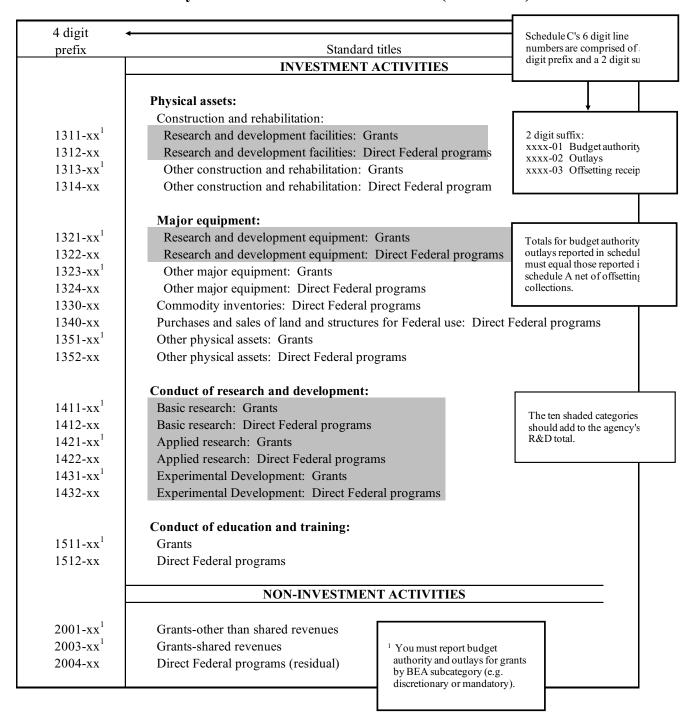
Entry	Description
1xxx INVESTMENT ACTIVITIES	Budget authority, outlays, or offsetting receipts for programs that yield benefits largely in the future.
13xx Physical assets:	Amounts for the purchase, construction, manufacture, rehabilitation, or major improvement of physical assets regardless of whether the assets are owned or operated by the Federal Government, States, municipalities, or private individuals. Physical assets are land, structures, equipment, and intellectual property (e.g., software or applications) that have an estimated useful life of two years or more; and commodity inventories. The cost of the asset includes both its purchase price and all other costs incurred to bring it to a form and location suitable for its use.
131x Construction and rehabilitation:	Amounts for construction and rehabilitation, including both grants and direct Federal programs. Construction and rehabilitation means the design and production of fixed works and structures or substantial alterations to such structures or land. Includes new works and major additions, alterations, improvements to and

	Entry	Description
		replacements of existing works. Excludes preliminary surveys, maintenance, repair, administration of such facilities and other Federal operating expenses.
1311–xx 1312–xx	Research and development facilities: Grants to State and local governments Direct Federal programs	Amounts for the construction and rehabilitation of R&D facilities (See section 84.2(e) and 84.2(f) for further information.)
(Other construction and rehabilitation:	Amounts for all other construction and rehabilitation.
1313-xx	Grants to State and local governments	
1314–xx	Direct Federal programs	
132x Ma	ajor equipment:	Amounts for identifiable items of major equipment, including information technology (see section 55), vehicles, ships, machine tools, aircraft, tanks, satellites and other physical assets in space, and nuclear weapons. Excludes routine purchases of ordinary office equipment or furniture and fixtures. However, where there are major programs for acquisition of equipment, includes all equipment purchases.
1321–xx 1322–xx	Research and development equipment: Grants to State and local governments Direct Federal programs	Amounts for major moveable equipment for research and development. (See section <u>84.2(e)</u> and <u>84.2(f)</u> for further information.)
Ot	ther major equipment:	Amounts for all other major equipment.
1323–xx	Grants to State and local governments	Timounts for an other major equipment.
1324–xx	Direct Federal programs	
Con	mmodity inventories:	Amounts for federally-owned commodities held for
1330-xx*	Direct Federal programs	resale or in stockpiles.
	Proceeds from the sale of commodities	Offsetting receipts collected from the sale of federally- owned commodities that were previously purchased by the Government or from reduction in stockpiles.
Pur 1340–xx*	rchases and sales of land and structures for Federal use: Direct Federal programs	Amounts for purchase, including lease-purchases, of land and structures for use by the Federal Government and sales of such land and structures. Includes office buildings and park and forest lands. Does not include land or structures acquired as temporary inventory, such as collateral on defaulted loans.
	Receipts from sales of property or assets	Offsetting receipts collected from sales of federally-owned property or assets used by the Federal Government. Includes office buildings and park and forest lands.
Oth	ner physical assets:	Amounts for all other physical assets, such as
1351–xx 1352–xx*	Grants to State and local governments Direct Federal programs	conservation, reforestation and range improvements; grants to State or local governments for the purchase of land or structures; and amounts for certain privately-held assets, including improvements to private farms, land and structures acquired as collateral on defaulted loans, and sales of such land and structures. Does not include operation and maintenance of land and structures.

Entry	Description
Receipts from sales of other physical assets	Offsetting receipts collected from the sale of physical assets not used by the Federal Government. Includes sales of assets obtained by the Federal Government as collateral on defaulted loans.
14xx Conduct of research and development (R&D):	Research and experimental development (R&D) activities are defined as creative and systematic work undertaken in order to increase the stock of knowledge—including knowledge of people, culture, and society—and to devise new applications using available knowledge (See section 84.2(c) for further information.)
Basic research: 1411–xx Grants to State and local governments 1412–xx Direct Federal programs	Basic research is defined as experimental or theoretical work undertaken primarily to acquire new knowledge of the underlying foundations of phenomena and observable facts. Basic research may include activities with broad or general applications in mind, but should exclude research directed towards a specific application or requirement.
Applied research: 1421–xx Grants to State and local governments 1422–xx Direct Federal programs	Applied research is defined as original investigation undertaken in order to acquire new knowledge. Applied research is, however, directed primarily towards a specific practical aim or objective.
Experimental development: 1431–xx Grants to State and local governments 1432–xx Direct Federal programs	Experimental development is defined as creative and systematic work, drawing on knowledge gained from research and practical experience, which is directed at producing new products or processes or improving existing products or processes. Like research, experimental development will result in gaining additional knowledge.
15xx Conduct of education and training: 1511–xx Grants to State and local governments 1512–xx* Direct Federal programs	Amounts for programs whose primary purpose is education, training, and vocational rehabilitation. Includes veterans' education and training; operating assistance for elementary, secondary, vocational, adult, and higher education; agricultural extension services; and income support activities directly contingent upon participating in such programs. Excludes training of military personnel or other persons in Government service. Also excludes amounts for physical assets, which are classified in 13xx, and amounts for the conduct of research and development, which are classified in 14xx.
Receipts from education and training	Offsetting receipts for negative subsidies, and downward reestimates of loan subsidies that are associated with the conduct of education and training.
2xxx NON-INVESTMENT ACTIVITIES	Amounts that are not classified as investment activities.
Grants to State and local governments: 2001–xx Other than shared revenues 2003–xx Shared revenues	Grant amounts that are not classified as investment activities.
2004–xx* Direct Federal programs	Amounts for all other non-investment activities, including offsetting collections (see section 84.3(b) for exceptions). This is a residual balancing entry to

Entry	Description
	ensure that the sum of all items in Schedule C equals total budget authority and outlays net of offsetting collections. Includes transactions related to credit liquidating accounts.
All other offsetting receipts	Offsetting receipts collected and deposited in receipt accounts that are not otherwise classified.

Summary of Character Classification Codes (Schedule C)



SECTION 85—ESTIMATING EMPLOYMENT LEVELS AND THE EMPLOYMENT SUMMARY (SCHEDULE Q)

Table of Contents

- 85.1 How should my agency's budget address workforce planning and restructuring?
- What terms do I need to know?
- What should be the basis for my personnel estimates?
- What is the requirement for reporting civilian FTE data in the Budget?
- What do I need to know about FTE budgeted levels?
- What do I need to know about the employment summary (schedule Q)?
- Are allocation and reimbursable FTE presented differently in the Budget?
- 85.8 How do agencies check FTE totals in the Budget?
- 85.9 How do I account for active duty military personnel in the Budget?
- 85.10 Are there other places in A–11 where I can find related guidance?

Summary of Changes

Clarifies that there are no statutory or other government-wide FTE ceilings (section <u>85.5(a)</u>).

Updates the table showing compensable days (section 85.5(c)).

85.1 How should my agency's budget address workforce planning and restructuring?

Your budget submission must identify the human capital management and development objectives, key activities, and associated resources that are needed to support agency accomplishment of programmatic goals.

Furthermore, your budget submission should describe the specific activities and/or actions planned to meet the standards for success under human capital initiatives, the associated resources, the expected outcomes, and how performance will be measured. For example, you should:

Identify the organizational changes you are proposing to:

- Reduce the number of managers, reduce organizational layers, and reduce the time it takes to make decisions.
- Increase the span of control and redirect positions within the agency to ensure that the largest number of employees possible are in direct service delivery positions and retrain and/or redeploy employees as part of restructuring efforts to make the organization more citizen-centered.

Identify the training, development, leadership development, and staffing actions you propose to take to:

- Ensure continuity of leadership.
- Ensure that leaders and managers effectively manage people.
- Sustain a learning environment that drives continuous improvement in performance.
- Prepare for and respond to changes driven by e-Government.

Present agency competency and skill needs (or gaps) you identify as part of your workforce planning effort and how you plan to address those needs through recruitment, development, and related strategies.

85.2 What terms do I need to know?

Employee, as defined in <u>5 U.S.C. 2105</u>, means an officer or individual who is appointed under a delegated authority, is engaged in the performance of a Federal function, and is subject to the supervision of an officer or employee of the Federal Government.

Full-time equivalent (FTE) employment means the total number of regular straight-time hours worked (i.e., not including overtime or holiday hours worked) by employees divided by the number of compensable hours applicable to each fiscal year. Annual leave, sick leave, compensatory time off and other approved leave categories are considered "hours worked" for purposes of defining full-time equivalent employment that is reported in the employment summary (see section <u>85.6</u>). A list of compensable days (with associated hours) is provided in section <u>85.5(c)</u>.

85.3 What should be the basis for my personnel estimates?

(1) Staffing requirements. Base estimates for staffing requirements on the assumption that improvements in skills, organization, procedures, and supervision will produce a steady increase in productivity. Personnel should be reassigned, to the maximum extent, to meet new program requirements. Use personnel currently funded to the maximum extent in staffing new programs and expansions of existing programs. These actions should be part of your agency's overall human capital strategy, and reflected in the integrated performance plan (see section 220). Reductions generally should be planned where the workload is stable. Where information technology systems are installed or enhanced, gains in productivity should result in lower personnel requirements after the first year. You should be prepared to explain the assumptions underlying staffing requirement adjustment upon request.

Where appropriate, use calculations converting workload to required personnel that include an estimate of available workhours per employee. You should exclude annual leave, sick leave, administrative leave, training, and other non-work time from these calculations. Base estimates of available time on current data, reflect steps taken to improve the ratio of available time to total time, and recognize differences in available time by organization, location, or activity. Base exclusions for annual and sick leave on current experience of actual leave taken rather than leave earned. Employment levels should reflect budget proposals and assumptions with regard to workload, efficiency, proposed legislation, interagency reimbursable arrangements, and other special staffing methods. Employment intended for proposed legislation, or for carrying out proposed supplemental appropriations, cannot begin until the additional funds become available by congressional action. Employment proposed for activation of new facilities or start-up of new programs cannot begin until the new activity begins. Employment under estimated reimbursable arrangements also cannot begin until such arrangements have been negotiated and justified.

- (2) Personnel resources. Base estimates of personnel resources on the total number of regularly scheduled straight-time hours (worked or to be worked) in the fiscal year (see section 85.5(c)). Note that, although budgetary resources must be sufficient to cover any extra compensable days in a fiscal year, some of the corresponding outlays may not occur until the following year.
- (3) Requirement for FTE data. Wherever entries in schedules or materials required by this Circular pertain to personnel requirements or total employment levels, state such entries for all years in terms of FTEs, as defined in section 85.2, unless another measure is explicitly required. For military employment, see section 85.8.

85.4 What is the requirement for reporting civilian FTE data in the Budget?

With the exception of some national security functions, agencies will report prior fiscal year civilian FTE actuals in MAX A-11 DE schedule Q each fall, along with current and budget year estimates. Therefore, agencies should maintain a system of accounting for their FTE on a regular basis.

85.5 What do I need to know about FTE budgeted levels?

(a) Federal FTE requirements

There are no statutory or other government-wide caps on FTE levels. Similarly, agencies have the flexibility to manage their FTE levels, within their budget constraints, and to determine how many FTEs are required to successfully accomplish their mission. In exercising this authority, agencies may put into place internal management controls with respect to FTEs that, among other things, help to ensure that the agency does not exceed its appropriated funding level. Agencies should take steps to assess and, as appropriate, restructure, retrain, and resize its FTE count to achieve its mission as effectively and efficiently as possible. Such steps should be consistent with all Human Capital Management Reports. All increases in FTEs should be accompanied by a detailed justification of its purpose and workload, and should be appropriately commensurate with changes in account funding levels. Generally, if agency account funding requests decrease from previous years, the agency should take appropriate steps to reduce FTE levels as necessary. Where agencies have proposed the termination, reduction, or consolidation of a program, agencies should take the appropriate steps to reduce FTE levels that correspond with the proposed program reductions. Agencies should not overstate FTE levels, and provide justification supporting the accuracy of FTE estimates.

(b) Workforce conversions

Consistent with the general policy of making the most effective use of Government resources, each agency head will ensure close management of budgeted FTE levels for their agency. Agencies should not convert the work of their employees to contractors unless they determine that the work is not inherently governmental (as defined in the Federal Activities Inventory Reform Act of 1998, P.L. 105-270), the agency has sufficient internal capability and capacity to maintain control of its mission and operations, and the agency undertakes cost comparisons that demonstrate that such a conversion is of financial advantage to the Government (see OMB Circular A-76). Pursuant to 41 U.S.C. 1710 and 10 U.S.C. 2461, agencies are precluded from converting, in whole or in part, functions performed by federal employees to contract performance absent a public-private competition (a practice known as "direct conversion"). The conversion of work from in-house to private sector performance may only occur through public-private competition. Appropriations acts since 2009, however, have prohibited agencies from using funds to "begin or announce a study or public-private competition regarding the conversion to contractor performance of any function performed by Federal employees pursuant to Office of Management and Budget Circular A-76 or any other administrative regulation, directive, or policy."

(c) Determining FTE usage

You must prepare budget estimates relating to personnel requirements in terms of FTE employment as specified in this Circular.

To determine current year and budget year FTE employment estimates, divide the estimated total number of regular hours by the number of compensable hours in each fiscal year. The table below shows the number of compensable hours for the upcoming Budget. However, in order to take advantage of existing payroll data, agencies may compute prior year FTE actuals using the regular hours obtained from their pay systems (normally based on 26 bi-weekly pay periods) and divide by a constant 2,080 hours.

FTE employment levels apply to straight-time hours only. Include foreign national *direct* hire employees in your FTE employment totals. FTEs funded by allocations from other agencies will be included with the performing agency where the employees work and are paid (see section <u>85.7</u>).

Be sure to include in FTE employment estimates for all Federal employees, including persons appointed under the Worker Trainee Opportunity Program, Presidential Management Fellows, Federal Cooperative Education Program, summer aids, Stay-in-School Program, and the Federal Junior Fellowship Program.

COMPENSABLE DAYS AND HOURS FOR CURRENT AND FUTURE FISCAL YEARS

Year	Days	Hours
2016	262	2,096
2017	260	2,080
2018	260	2,080

(d) Justification and estimates of FTE usage

The FTE estimates for each agency are determined at the time of the annual budget review, for the fiscal year in progress and for the succeeding fiscal year. In addition, you must ensure that the FTE estimates are consistent with all applicable laws. In particular, some statutes providing agencies with authority to use voluntary separation incentive proposals (or "buy-outs") stipulate that agency-wide FTE levels must be reduced one-for-one for each buy-out. Further, FTE estimates must represent an effective and efficient use of resources to meet program requirements.

Current year FTE estimates should be consistent with PY actuals, should be fully funded, and should be very close to the actual usage reported at the end of the fiscal year. For example, the estimates in the previous Budget should be very close to the actuals published in the current Budget.

(e) FTE transfers between agencies

Prior to entering into new or expanded agreements to perform work for other agencies on a reimbursable basis, you must prepare a cost justification. As part of this agreement, you may transfer FTEs on a one-for-one basis, provided that you notify OMB prior to making such a transfer. You may proceed with the FTE transfer fifteen days after notification to OMB, unless OMB objects.

(f) *Adjustment requests*

Send all requests for adjustments in employment levels, including agreements to transfer FTEs between agencies, to your OMB representative.

85.6 What do I need to know about the employment summary (schedule Q)?

This schedule shows the total full-time equivalent (FTE) civilian employment of straight-time compensable workyears (i.e., not overtime) financed by an account for PY through BY. FTE employment excludes estimates for terminal leave and overtime hours. The method for calculating FTE employment is described in section <u>85.5</u>. You must provide an employment summary when an account contains an entry for either direct or reimbursable personnel compensation in the object class schedule (i.e., object class entry 11.1 or 11.3 (see section <u>83.7</u>)). You must also provide an employment summary when employees are compensated via an allocation account. For reimbursable and allocation FTE arrangements, see the discussion on their budget schedule treatment in section <u>85.7</u>. This schedule also shows military average strength employment as discussed in section <u>85.9</u>.

The definition of object class 11.1 stipulates that compensation must be included for all workdays in the fiscal year. You must ensure that FTE levels in the employment summary and funding for FTEs in the object class schedule are reported consistently.

You must also ensure that agency-wide FTE totals agree with the negotiated levels in the current and budget years. Prior year FTE in the employment summary must equal your agency's FTE execution level.

When entering FTE data in schedule Q, use the four-digit line numbering scheme described in the following table:

EMPLOYMENT SUMMARY (SCHEDULE Q)

	Entry	Description
Xxxx		The first digit of the line number distinguishes between direct, reimbursable, and other categories, consistent with the reporting of data in the object classification schedule (see section <u>83.5</u>). Use the following codes:
		1—direct
		2—reimbursable
		3—allocation account
xXxx		The second digit of the line number distinguishes between civilian and military employment. Use the following codes:
		0—civilian employment
		1—military employment
xx0x		The third digit is 0.
xxx1		The fourth digit is 1.

85.7 Are allocation and reimbursable FTE presented differently in the Budget Appendix?

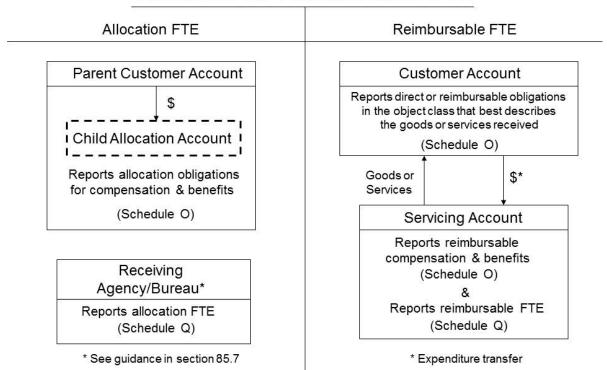
Yes, FTE financed by allocation and reimbursements are presented differently as depicted in the diagram below. In an allocation arrangement, the "parent account" receives the initial budget authority and delegates its obligational authority to another organization or agency in the form of an "allocation account." See section 20.4 (1).

For Budget presentation, the parent and the receiving agency/bureau allocation account's obligations are all reported in the parent account while the allocation FTE are reported in the receiving agency/bureau. Allocation FTE are presented differently in order to be consistent with agency personnel reporting systems. The parent account does not show the receiving agency/bureau allocation FTE. The parent account only shows its own direct/reimbursable FTE. The allocation FTE are shown by the "receiving agency/bureau" in an account of its choice. When applicable, show the allocation FTE in an account that funds FTE performing a similar activity as the allocation arrangement. Allocation FTE are separately identified in schedule Q on lines 3XXX.

For example, if legislation mandates that OMB allocate funds to the Government Publishing Office (GPO) for printing requirements, then OMB will show allocation obligations in schedule O of the account that received the budget authority. The GPO will show the associated allocation FTE in schedule Q in an account that typically funds FTE involved in printing operations.

In a reimbursable arrangement, the customer account receives the services and reports direct or indirect obligations in the object class that best describes the services received (e.g., printing and reproduction). The transfer of funds to the servicing account is accomplished in the form of an expenditure transfer. The servicing account reports reimbursable compensation and benefit obligations in schedule O. Likewise, the reimbursable FTE are reported in schedule Q of the servicing account.

Allocation vs. Reimbursable FTE



85.8 How do agencies check FTE totals in the Budget?

OMB provides diagnostic reports on its website showing the status of FTE data in MAX by account. In addition, MAX has edits that check for missing FTE or inconsistencies between personnel compensation in schedule O and FTE levels in schedule Q.

85.9 How do I account for active duty military personnel in the Budget?

Your budget submission should also account for all active duty personnel in the seven Uniformed Services. These Services include the Army, Air Force, Navy, Marines, Coast Guard, plus the NOAA and PHS Commissioned Corps. Since active duty personnel are always full-time employees, attempting to compute full-time equivalents is not appropriate. Therefore, for active duty personnel, "average strength" data is used in place of FTEs for the prior fiscal year. Estimate average strengths for current and budget years as well. For the non-DoD Uniformed Services, record military average strengths in the MAX A–11 employment summaries using the line designated for military (see section <u>85.6</u> regarding schedule Q line numbers). The Department of Defense will continue to provide military employment data directly to their OMB representative.

85.10 Are there other places in A-11 where I can find related guidance?

See the following table for additional guidance on Federal employment:

Other Federal employment guidance and A-11 links	Section
How should I estimate personnel compensation in my Budget request?	<u>32.1</u>
What FTE-related information should I provide in my justification materials?	<u>51.4</u>
Will OMB request FTE plans to support apportionment requests?	120.22
Should I address workforce plans in the Strategic Plan or Annual Performance Plans?	<u>230</u> & <u>240</u>

SECTION 86—SPECIAL SCHEDULES

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	Special schedules requiring user input
86.1	What do I need to know about balance sheets (schedule F)?
86.2	What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?
	Special schedules automatically generated by MAX
86.3	What do I need to know about the schedule on the status of funds (schedule J)?
86.4	What do I need to know about the special and trust fund receipts schedule (schedule N)?
86.5	What do I need to know about the summary of budget authority and outlays?
	Financial Statements Balance Sheet (schedule F) Budget Year Appropriations Request in Thousands of Dollars (schedule T)

Summary of Changes

Clarifies when amounts should be included in schedule T Budget year appropriations request in thousands of dollars (section <u>86.2</u>).

86.1 What do I need to know about balance sheets (schedule F)?

(a) General instructions

The balance sheet provides information on program assets, liabilities, and net position and is used to assess the resources available for Federal programs for PY-1 through PY.

You must submit balance sheets

for:

- All Government-sponsored enterprise funds;
- All credit liquidating and financing accounts;
- Financing vehicles; and
- Revolving funds, when specifically required by OMB.

For budget presentation purposes, data in program and financing schedules (schedule P) fulfill the legal requirement in <u>31 U.S.C. 9103</u> for "business-type budget" information on wholly-owned Government corporations in the President's Budget.

Amounts in schedule F for PY-1 should be consistent with your agency's audited financial statements.

Prepare balance sheets in the format of exhibit 86A with audited actual amounts as of the close of PY-1 and actual amounts as of the close of PY.

(b) Balance sheet entries

Use the entries listed below to prepare the balance sheets. These entries correspond to entries used in OMB Circular A-136, Financial Reporting Requirements which instructs agencies to prepare financial statements

at the entity level. Use the terms, definitions, and instructions provided in that bulletin to prepare the balance sheets at the account level. MAX will automatically generate the line entries indicated in **boldface**.

If your agency is a Government-sponsored enterprise (GSE), you will need to modify line entries to reflect the non-Federal status of GSEs. Consult your OMB representative for additional guidance.

BALANCE SHEET

	Entry	Description
ASSE		
Federa	l assets:	
		g Federal agencies. Federal agency assets are claims of a Federal ch, when collected, can be used in the agency's operations.
1101	Fund balances with Treasury	The unobligated and obligated balances with Treasury from which you are authorized to make expenditures and pay liabilities, including clearing account balances and the dollar equivalent of foreign currency account balances. Your agency's fund balance with Treasury also includes the unobligated balances in guaranteed loan financing accounts, the obligated balances in direct loan financing accounts, and the unobligated and obligated balances in liquidating accounts.
Investr	ments in Federal securities:	Total investments in Federal securities. These consist of securities issued by Federal agencies including non-marketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies.
1102	Treasury securities, net	Net value of Treasury securities acquired—the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1104	Agency securities, net	Net value of agency securities acquired—the par (face or nominal) value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
1106	Receivables, net	Accounts receivable and interest receivable, net of uncollectible amounts. Interest receivable is the amount of interest income earned but not received for an accounting period. Report receivables from Federal agencies separately from receivables from non-Federal entities (on line 1206). Report interest receivable related to direct loans and acquired defaulted guaranteed loans separately below as a component of credit program receivables.
1107	Advances and prepayments	Advances are cash outlays made by a Federal agency to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency is to receive. Prepayments are payments made by a Federal agency to cover certain period expenses before those expenses are incurred. Advances and prepayments made to Federal agencies are intragovernmental and are accounted for and reported separately from those made to non-Federal entities.

	Entry	Description		
These	Non-Federal assets: These assets arise from transactions of the Federal Government with non-Federal entities. These entities include domestic and foreign persons and organizations outside the U.S. Government.			
1201	Investments in non-Federal securities, net	Securities issued by State and local governments, private corporations, and government-sponsored enterprises, net of premiums, discounts and allowances for losses. Securities are normally reported at acquisition cost or amortized acquisition cost. However, you should use market value when there is: • An intent to sell the securities prior to maturity; and • A reduction in the value of the securities that is more than		
1206	Receivables, net	Accounts and interest receivable due from non-Federal entities, net of an allowance for estimated uncollectible amounts. Do not recognize interest as revenue on accounts receivable or investments that are determined to be uncollectible unless the interest is actually collected. Report interest receivable related to direct loans and acquired defaulted guaranteed loans as a component of credit program receivables.		
1207	Advances and prepayments	Advances are cash outlays made by a Federal agency to its employees, contractors, grantees or others to cover a part or all of the recipients' anticipated expenses or advance payments for the costs of goods and services the agency receives. Prepayments are payments made by a Federal agency to cover certain periodic expenses before those expenses are incurred.		
These acquire	Credit program receivables and related foreclosed property: These items represent the net value of assets related to pre–1992 and post–1991 direct loans receivable and acquired defaulted guaranteed loans receivable. Net value of assets related to post–1991 direct loans receivable:			
1401	Direct loans receivable, gross	The face value of all direct loans outstanding excluding amounts repaid or written off.		
1402	Interest receivable	Amount of interest receivable.		
1403	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.		
1404	Foreclosed property	Value of foreclosed property associated with post–1991 direct and acquired defaulted guaranteed loans at the net present value of the projected cash flows associated with the property. To practicably accomplish this requirement, you may record foreclosed property at the estimated net realizable value at the time of foreclosure. A portion of the related allowance for subsidy account will apply to the foreclosed property, but that amount need not be separately determined. Rather, subtract the allowance account from the sum of the credit program assets to determine the net present value of the assets.		
1405	Allowance for subsidy cost (–)	The unamortized amount of subsidy expenses for the direct loan disbursements that the direct loan financing account has made in that year and all previous years, for all direct loans outstanding.		

	Entry	Description
		(The allowance for subsidy costs of a direct loan is the present value of estimated cash outflows over the life of the loan minus the present value of estimated cash inflows. It is due to defaults, delinquencies, lending at interest rates below the Treasury borrowing rate, etc., with an offset for fees, penalties, and recoveries.)
1499	Net present value of assets related to direct loans	The sum of lines 1401 through 1405.
	ue of assets related to post–1991 d defaulted guaranteed loans ble:	
1501	Defaulted guaranteed loans receivable, gross	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable that is still outstanding.
1502	Interest receivable on defaulted guaranteed loans	Amount of interest receivable related to defaulted guaranteed loans.
1504	Foreclosed property related to defaulted guaranteed loans	The estimated net realizable value of related foreclosed property.
1505	Allowance for subsidy cost on defaulted guaranteed loans (–)	The unamortized amount of subsidy for those defaulted guaranteed loans that the guaranteed loan financing account has acquired in that year and all previous years, for all such loans outstanding that are still held by the financing account. (The subsidy of a defaulted guaranteed loan is the present value of estimated cash outflows over the life of the loan minus the present value of estimated cash inflows. It is due to defaults, delinquencies, interest subsidies, etc., with an offset for fees, penalties, and recoveries.)
1599	Net present value of assets related to defaulted guaranteed loans	The sum of lines 1501 through 1505.
direct 1	ue of assets related to pre–1992 oans receivable and acquired ed guaranteed loans receivable:	
1601	Direct loans, gross	For each pre-1992 direct loan program, report loans gross.
1602	Interest receivable	Amount of interest receivable.
1603	Allowance for estimated uncollectible loans and interest (–)	Estimated amount of loans and interest that will not be collected.
1604	Direct loans and interest receivable, net	The sum of lines 1601 through 1603.
1605	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1606	Foreclosed property	The estimated net realizable value of related foreclosed property.
1699	Value of assets related to direct loans	The sum of lines 1604 through 1606.
1701	Defaulted guaranteed loans, gross	For each pre–1992 loan guarantee program, report receivables as defaulted guaranteed loans acquired by the Government.

	Entry	Description
1702	Interest receivable	Amount of interest receivable related to defaulted guaranteed loans.
1703	Allowance for estimated uncollectible loans and interest (–)	Estimated amount of defaults on loans, interest, and accounts receivable.
1704	Defaulted guaranteed loans and interest receivable, net	The gross amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable and interest receivable net of an allowance for uncollectible amounts. The sum of lines 1701 through 1703.
1705	Accounts receivable from foreclosed property	Amount of accounts receivable related to foreclosed property.
1706	Foreclosed property	The estimated net realizable value of related foreclosed property.
1799	Value of assets related to loan guarantees	The sum of lines 1704 through 1706.
Other 1	Federal assets:	
1801	Cash and other monetary assets	The total of all cash resources and all other monetary assets. Cash consists of:
		 Coins, paper currency, and readily negotiable instruments, such as money orders, checks, and bank drafts on hand or in transit for deposit;
		 Amounts on demand deposit with banks or other financial institutions;
		• Cash held in imprest funds; and
		• Foreign currencies, which, for accounting purposes, should be translated into U.S. dollars at the exchange rate on the financial statement date.
		Other monetary assets include gold, special drawing rights, and U.S. Reserves in the International Monetary Fund. This category is principally for use by the Treasury.
1802	Inventories and related properties	Inventory is tangible personal property that is:
		• Held for sale;
		• In the process of production for sale; or
		• To be consumed in the production of goods for sale or in the provision of services for a fee. It includes inventory (i.e., items held for sale), operating materials and supplies, stockpile materials, seized and forfeited property, and goods held under price support and stabilization programs.
1803	Property, plant and equipment, net	The amount of real and personal property (i.e., land, structures and facilities, construction in progress, purchased and self-developed software, equipment and related improvements) that has been capitalized, net of accumulated depreciation if any.
		Also includes assets acquired by capital leases and leasehold improvements; and property owned by the agency in the hands of the agency or contractors.

	Entry	Description
1901	Other assets	Other assets not included on the lines above.
1999	Total assets	The sum of lines 1101 through 1207, 1499, 1599, 1699, 1799, 1801 through 1901.
LIABI	LITIES	
	nize liabilities when they are incurred ces. This includes liabilities related t	d regardless of whether they are covered by available budgetary to canceled appropriations.
Federa	l liabilities:	
	liabilities arise from transactions am er Federal agencies.	ong Federal agencies. Federal liabilities are claims against the agency
2101	Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to other Federal agencies.
2102	Interest payable	The amount of interest expense incurred but unpaid on debts to other Federal agencies.
2103	Debt	The cumulative amounts of borrowing (less repayments) from the Treasury, the Federal Financing Bank, or other Federal agencies.
2104	Resources payable to Treasury	Amounts of collections or receivables that must be transferred to Treasury.
2105	Other	Use this item for other liabilities that are not recognized in specific categories or lines above. Include advances and prepayments received from other Federal agencies for goods to be delivered or services to be performed and deposit fund amounts held in escrow.
Non-F	ederal liabilities:	
	liabilities arise from transactions of a l liabilities are claims against the age	an agency of the Federal Government with non-Federal entities. Non- ency by non-Federal entities.
2201	Accounts payable	The amounts owed by a Federal agency for goods and services received from, progress in contract performance made by, and rents due to non-Federal entities.
2202	Interest payable	The amount of interest expense incurred but unpaid on debt owed to non-Federal entities.
2203	Debt	Debt issued to non-Federal entities under general or special financing authority (e.g., Treasury bills, notes, bonds and FHA debentures).
2204	Liabilities for loan guarantees	For guaranteed loan financing accounts, report the net present value of the estimated cash flows to be paid as a result of loan guarantees. For liquidating accounts, report the amount of know and estimated losses. (The net present value of estimated cash flows is the present value of estimated cash outflows over the life of the loan guarantee minus the present value of estimated cash inflows. It is due to defaults, interest subsidies, etc., with an offset for fees, penalties, and recoveries.)
2205	Lease liabilities, net	The present value of the liability for capital leases. A capital lease is one that transfers substantially all the benefits and risks inherent in the ownership of property. This transfer occurs if, at the inception of the lease, one or more of the following criteria

	Entry	Description
		 Ownership of the property is transferred to the lessee by the end of the lease term;
		 The lease contains a bargain purchase option;
		 The lease term is substantially (i.e., 75% or more) equal to the estimated useful life of the leased property; or
		• At the beginning of the lease term, the present value of the minimum lease payments, with certain adjustments, is 90% or more of the fair value of the property.
		The lessee accounts for such a lease as the acquisition of an asset and the incurrence of a liability.
2206	Pension and other actuarial liabilities	For agency-administered pension, health insurance and similar plans requiring actuarial determinations. Report the actuarial accrued liability for pension, health insurance, and similar plans requiring actuarial determination using the aggregate entry age normal method.
2207	Other	Other liabilities that are not recognized in specific categories. Include in this line the total amount due non-Federal entities for other liabilities that are not included on other lines above. This includes:
		 Entitlement benefits due and payable at the end of the year;
		 Advances and prepayments received from other non- Federal agencies or the public for goods to be delivered or services to be performed;
		 Deposit fund amounts held in escrow, estimated losses for commitments, and contingencies if:
		Information available before the statements are issued indicates an asset probably has been impaired or a liability incurred as of the date of the statements; and
		The amount can be reasonably estimated as a specific amount or range of amounts (e.g., the amount of employee accrued annual leave (i.e., earned but not used) that would be funded and paid from future years' appropriations).
		Examples of commitments and contingencies for which you should report the estimated losses on this line are:
		 Insurance—insurance payments due for losses resulting from bank failures, crop failures, floods, expropriations, loss of life, and similar unplanned events.
		 Indemnity agreements—reimbursements due to licensees or contractors for losses incurred in support of Government activities.
		 Adjudicated claims—claims against the Government that are in the process of judicial proceedings.

Commitments to international institutions—payments due to international financial institutions.

	Entry	Description
2999	Total liabilities	The sum of lines 2101 through 2207.
NET P	OSITION	
The co	mponents of net position are classified	d as follows:
3100	Unexpended appropriations	The portion of the agency's appropriations represented by undelivered orders and unobligated balances.
3300	Cumulative results of operations	The net results of operations since inception plus the cumulative amount of prior period adjustments, including the cumulative amount of donations and transfers of assets in and out without reimbursement.
3999	Total net position	The sum of lines 3100 through 3300.
4999	Total liabilities and net position	The sum of lines 2999 and 3999.

What do I need to know about reporting budget year appropriations requests in thousands of dollars (schedule T)?

Use MAX schedule T to report, in thousands of dollars, the amount of budget authority and obligation limitations under the jurisdiction of the appropriations committee in the budget year column of transmittal code zero for your account (see exhibit 86B). For accounts with transfers specified in appropriations language, report amounts on a pre-transfer basis. Schedule T is not required if your account does not have any of the resources listed below.

Include the following amounts in schedule T for transmittal code 0:

- Discretionary appropriations;
- Discretionary limitations on expenses, including obligation limitations in the Department of Transportation;
- Appropriated entitlements;
- Changes in a mandatory program (either a cost or a savings) proposed in appropriations language (see the definition of CHIMP in section 20.3);
- Appropriations for the account included in a general provision or in an administrative provisions;
- Best estimates for indefinite appropriations; and
- Proposed cancellations either in the account appropriations language or in a separate general provision.

Exclude the following from your schedule T amounts:

- Transfers specified in appropriations language;
- Mandatory appropriations (except for CHIMPs and appropriated entitlements see above);
- Amounts in transmittal codes other than 0;
- Spending authority from offsetting collections;
- Advance appropriations for any year;
- Amounts applied to repay debt; and
- Amounts applied to liquidate contract authority.

For the majority of budget accounts, only a single line is required. For merged accounts, use separate lines for each component account and identify all lines using the three digit CGAC agency code and four digit account symbol assigned by Treasury. Ensure that all amounts reported in MAX schedule T are consistent with the amounts in the program and financing schedule (MAX schedule P).

The Schedule T data is shared with the House and Senate appropriations committees, who use the data to inform the Budget Request column of the Comparative Statements of Budget Authority (CSBAs). The CSBA is presented in thousands, rather than millions and used by each subcommittee for tracking the different stages of the appropriations process.

86.3 What do I need to know about the schedule on the status of funds (schedule J)?

MAX Schedule J presents cash flow data for certain special, trust, and other funds. MAX generates the data for the status of funds schedule from the receipt and expenditure accounts that make up the fund, storing it in the database as schedule J.

MAX generates schedule J for all special and trust non-revolving funds. Only the accounts listed in the following table have schedule J data presented in the Appendix.

STATUS OF FUNDS DATA PRESENTED FOR THE FOLLOWING ACCOUNTS

Agency	Account
HHS	Federal Hospital Insurance Trust Fund
	Federal Supplementary Medical Insurance Trust Fund
DHS	Oil Spill Liability Trust Fund
Interior	Abandoned Mine Reclamation Fund
Labor	Unemployment Trust Fund
	Black Lung Disability Trust Fund
State	Foreign Service Retirement and Disability Fund
Transportation	Highway Trust Fund
	Airport and Airways Trust Fund
Veterans Affairs	National Service Life Insurance Fund
	United States Government Life Insurance Fund
DOD-Civil	Military Retirement Fund
	Education Benefits Fund
	Uniformed Services Retiree Health Care Fund
EPA	Hazardous Substance Superfund
	Leaking Underground Storage Tank Trust Fund
OPM	Civil Service Retirement and Disability Fund
	Employees and Retired Employees Health Benefits Fund
SSA	Federal Old-Age and Survivors Insurance Trust Fund
	Federal Disability Insurance Trust Fund
RRB	National Railroad Retirement Investment Trust
	Rail Industry Pension Fund
	Railroad Social Security Equivalent Benefit Fund

The Budget includes only *one* schedule J for each of the specified funds. The schedule covers all the collections in the receipt accounts and all the cash outlays from the various expenditure accounts that receive appropriations from the funds. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0.

Schedule J includes several sets of adjustment lines. These include adjustments for start of year balances, cash income, and cash outgo. These lines will only be used by OMB if there is a compelling need to make an adjustment. The reason for the adjustment will be included in the stub description for each line.

You can run a report in MAX A-11 DE that shows what schedule J looks like in "real time". Changes you are making on-screen will be reflected in the schedule J report. However, information from other accounts that feed into schedule J will reflect the latest uploaded data in MAX for those accounts. Run the report from the master version of the account to see what will print in the *Appendix*.

The receipt and expenditure accounts that make up schedule J can be seen in the Account Information Viewer (see schedule N in Other Account Relationships). Schedules N and J share the same relationships. The Account Information Viewer can be accessed through MAX (under the Reports menu, Account Info menu item) or directly at https://apps.max.gov/d/acm/.

Schedule J data are displayed in MAX on the basis of a 4-digit line number. Detail rows are indicated by a 2-digit MAX generated line serial number.

The following table identifies the source for each line in MAX schedule J.

SCHEDULE ON THE STATUS OF FUNDS

Entry Balances, start of year:		This section serves as a check against the start of year balance calculated on line 0100 (except for the Airport and airway trust fund and the Highway trust fund). It does not print in the Budget Appendix. The total in this section equals the sum of obligated balances, unobligated balances, and special or trust fund receipt balances that are available for new budget authority (e.g., new appropriations or contract authority) from all the accounts that receive budget authority from the special or trust fund.
0082	Unexpired unobligated balances	MAX calculates this amount as the sum of lines 1000 and 1020 in schedule X.
0083	Special or trust fund receipt balances	MAX copies this amount from line 0199 in schedule N.
0084	Unavailable balance: offsetting collections, appropriations, and completed activities	MAX copies this amount from line 5090, 5093, and 5103 in schedule X .
0085	Outstanding debt	MAX copies this amount from line 5080 in schedule X.
0086	Non-Federal securities, Market value	MAX copies this amount from line 5010 in schedule X.
0087	Expired unobligated balance	MAX copies this amount from line 1952 in schedule X.
0088	Unexpired unobligated balances (contract authority)	MAX copies this amount from line 5050 in schedule X, with the opposite sign.

	Entry	Description and Source
0089	Obligated balances	MAX copies this amount from line 5052 in schedule X, with the
	(contract authority)	opposite sign.
0098	Other adjustments	These lines allow OMB to make additional miscellaneous adjustments.
0099	Total balance, start of year	MAX calculates this amount as the sum of lines 0081–0098.
		Except for the Airport and Airway Trust Fund and the Highway Trust Fund, the amount on this line should equal the amount on line 0100. If it does not, you will receive an error message.
Unexpen	ded balance, start of year:	Start of year balances of budgetary resources and investments in Federal securities, net of amounts borrowed from the Treasury.
0100	Balance, start of year	MAX derives the PY amount from the PY amount reported on line 8799 in the previous year's <i>Budget Appendix</i> . If you believe the PY amount is incorrect, provide your OMB representative with a detailed written explanation of the difference. Any differences will be shown on adjustment lines in 0298.
		MAX copies CY and BY amounts from the end of year amounts reported on line 4999 for the previous year.
0212	Adjustment to special or trust fund receipt balances	MAX copies this amount as the sum of schedule N line 0298.
0298	Other adjustments	These lines allow OMB to further adjust the initial balance.
0999	Total balance, start of year	MAX calculates this amount as the sum of lines 0100-0298.
Cash income during the year:		Collections deposited in special and trust fund receipt accounts and offsetting collections (cash) credited to expenditure accounts. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, 5, and 7).
Current 1	aw:	MAX copies the detail lines from receipts reported in schedule N to lines 1110-1160. MAX lists each receipt account separately by title. Line sources for offsetting collections listed below.
1110	Governmental receipts	
1120	Offsetting governmental	MAX copies these amounts from schedule X lines 4034 and 4124.
1130	Proprietary	MAX copies these amounts from schedule X lines 4033 and 4123.
1150	Interest	MAX copies these amounts from schedule X lines 4031 and 4121.
1160	From other federal sources	MAX copies these amounts from schedule X lines 4030 and 4120.
1198	Adjustments	These lines allow OMB to adjust receipts and offsetting receipts under current law and are copied from schedule N line 1198, transmit 0.
1199	Income under current law	Subtotal for income under current law. MAX calculates this amount as the sum of schedule lines 1110–1198.

	Entry	Description and Source
Proposed	legislation:	
1210	Governmental receipts	MAX copies the detail lines from receipts reported in schedule N to line 1210-1260. MAX lists each receipt account separately by title. Line sources for offsetting collections listed below.
1220	Offsetting governmental	MAX copies these amounts from schedule X lines 4034 and 4124.
1230	Proprietary	MAX copies these amounts from schedule X lines 4033 and 4123.
1250	Interest	MAX copies these amounts from schedule X lines 4031 and 4121.
1260	From other federal sources	MAX copies these amounts from schedule X lines 4030 and 4120.
1298	Adjustments	These lines allow OMB to adjust receipts and offsetting receipts under proposed legislation and are copied from schedule N line 1298, for transmits 2 and 4.
1299	Income under proposed legislation	Subtotal for income under proposed legislation. MAX calculates this amount as the sum of lines 1200-1298.
1999	Total cash income	MAX calculates this amount as the sum of lines 1199 and 1299.
Cash out	go during the year (–):	These entries present gross outlays from the fund. MAX presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, 5, and 7).
2100	Current law (–)	MAX automatically generates the detail lines, with separate line serial numbers, from amounts in schedule X on line 3020 with appropriate transmittal codes.
2198	Adjustments	These lines allow OMB to adjust cash outgo under current law.
2199	Outgo under current law (-)	Subtotal for outgo under current law. MAX calculates this amount as the sum of lines 2100 and 2198.
2200	Proposed legislation	MAX automatically generates the detail lines, with separate line serial numbers, from amounts in schedule X on line 3020 with appropriate transmittal codes.
2298	Adjustments	These lines allow OMB to adjust cash outgo under proposed legislation.
2299	Outgo under proposed legislation (–)	Subtotal for outgo under proposed legislation. MAX calculates this amount as the sum of lines 5500–5545.
2999	Total cash outgo (-)	MAX calculates this amount as the sum of lines 4599 and 5599.
Change i	n fund balance:	
Surplus	or deficit (–):	
3110	Excluding interest	MAX calculates this line as schedule J line 3199 minus schedule J line 3120.
3120	Interest	MAX copies these lines from schedule J lines 1150 and 1250.
3199	Subtotal, surplus or deficit (-)	MAX calculates this amount as the sum of lines 1110–1198, 1210–1298, 2100-2198, and 2200-2298.

Other changes in fund balance:

3210 Borrowing (+)

Entry		Description and Source
3220	Permanently canceled balances (–)	Amount that is transferred from the expenditure account to the general fund of the Treasury as a result of a specific provision of law. MAX generates this amount from the "permanent" reductions of new budget authority in schedule X on lines1130, 1131, and 1230.
3230	Transfers, net	Net amount of transfers of budget authority and balances (obligated and unobligated). MAX generates this amount from the transfers in schedule X on lines 1010, 1011, 1012, 1120, 1121, 1220, 1221, 1710, 1711, 1810, 1811, 3030, 3031, 3080, and 3081.
3240	Other adjustments, net	Other adjustments that affect the fund balances, such as capital transfers to the general fund of the Treasury and repayment of debt. MAX generates this amount from the amounts in schedule X on lines 1022, 1235, 1720, 1820, and 1955 (1955 with the opposite sign).
3298	Miscellaneous adjustments	These lines allow OMB to make additional miscellaneous adjustments, such as adjustments for expired/canceled unobligated balances.
3299	Total adjustments	MAX calculates this amount as the sum of amounts on lines 3240–3298.
3999	Total change in fund balance	
Unexpend	ded balance, end of year:	End of year balances of budgetary resources and investments in Federal securities.
4100	Uninvested balance (net), end of year	MAX calculates this as the difference of lines 4999 and 4200. This uninvested balance is net of unrealized discounts.
4200	Invested balance, end of year	MAX copies the invested balance from schedule X line 5001.
4999	Total balance, end of year	MAX calculates this amount as the sum of the start of year total balance, the cash income, the cash outflow, and the total adjustments.
Balances,	, end of year:	This section serves as a check against the total balance entered on line 8799 (except for the Airport and airway trust fund and the Highway trust fund). It does not print in the Budget Appendix. Line 8799 is calculated by beginning with the start of year balance, adding income, subtracting outflow, and adding adjustments. The total in this section equals the sum of obligated balances, unobligated balances, and special or trust fund receipt balances that are available for new budget authority (e.g., new appropriations or contract authority).
8801	Obligated balances (net)	MAX calculates this amount as the sum of lines P 3050 and 3090 from all the accounts that receive budget authority from the special or trust fund.
8802	Unexpired unobligated balances	MAX calculates this amount as the sum of lines P 1941 from all the accounts that receive budget authority from the special or trust fund.
8803	Special or trust fund receipt balances	MAX copies this amount from line 5099 in schedule N.

Entry		Description and Source	
8804	Unavailable balance: offsetting collections, appropriations, and completed activities	MAX copies this amount from lines 5091, 5092, 5094, 5095, and 5104 in schedule X.	
8805	Outstanding debt balance	MAX copies this amount from line 5081 in schedule X.	
8806	Non-Federal securities, Market value	MAX copies this amount from line 5011 in schedule X.	
8890	Expired unobligated balance	MAX copies this amount from line 1953 in schedule X.	
8891	Expiring unobligated balance	MAX copies this amount from Line 1951 in schedule X.	
8892	Unexpired unobligated balances (contract authority)	MAX copies this amount from line 5051 in schedule X, with the opposite sign.	
8893	Obligated balances (contract authority)	MAX copies this amount from line 5053 in schedule X, with the opposite sign.	
8898	Other adjustments	These lines allow OMB to make additional miscellaneous adjustments.	
8899	Total balance, end of year	MAX calculates this amount as the sum of lines 8801–8898.	
		Except for the Airport and Airway Trust Fund and the Highway Trust Fund, the amount on this line should equal the amount on line 4999. If it does not, you will receive an error message.	

86.4 What do I need to know about the special and trust fund receipts schedule (schedule N)?

Schedule N is an automatically generated schedule that shows the flow of funding into and out of special and non-revolving trust funds. It shows new receipts deposited into the fund, new appropriations taken out of the fund – including any amounts appropriated but precluded from obligation, and the remaining balances of unappropriated receipts (if any).

For budgetary purposes, receipts deposited into a special or non-revolving trust fund can be either "available" or "unavailable." If the amounts are unavailable for obligation, they are included in the balances shown in schedule N. Unavailable receipts require further congressional action to be available for obligation and may also be referred to as unappropriated receipts. Unavailable receipts also require a warrant to be processed by Treasury. As a point of clarification, Treasury considers available receipts to be any receipts that are authorized to be invested even if they require further congressional action before they can be obligated.

The balance in schedule N represents what remains to be appropriated by the Congress for the established purposes of the special or non-revolving trust fund or what is not yet available according to law (e.g., benefit formula limitations). The size of the remaining fund balance relative to the remaining program needs may guide future executive or congressional action. For example, if there are insufficient amounts in a fund, a change in fee rates or eligibility requirements may be necessary.

MAX generates schedule N from:

- Data reported in the previous year's *Budget Appendix*;
- Data in schedule R: and
- Data in schedule X.

MAX generates only *one* schedule N for each special or trust fund. If there are multiple expenditure accounts that receive an appropriation from a special or trust fund, only one expenditure account will display a schedule N. When requesting new special or non-revolving trust fund accounts, please specify whether the MAX database should include a *new* schedule N or use an *existing* schedule N to report the transactions related to the new account (see section 79.4).

The schedule includes all the receipts and offsetting receipts that pertain to a particular special or trust fund account. It aggregates all the data reported under different transmittal codes to a single schedule presented under transmittal code 0.

The related receipt and expenditure accounts for schedule N can be seen in the Account Information Viewer application (see Schedule N under Account Information - Other Account Relationships.) The Account Information Viewer can be accessed through MAX (under the Reports menu, Account Info menu item) or directly at https://apps.max.gov/d/acm/.

Schedule N includes of adjustment lines to correct start of year (SOY) and/or end of year (EOY) balances. These adjustment lines correct for rounding issues, timing of late surplus warrants, etc. OMB identifies needed adjustments by validating SOY balances against the reported balances in the Central Accounting Reporting System (CARS) or GTAS. If agencies believe any SOY or EOY amount needs to be adjusted, they should provide their OMB program examiner the CARS or GTAS data to support the requested change. The reason for the adjustment will be included in the stub description for each line.

Even though the schedule is automatically generated and you cannot change any amounts, line titles of the detail lines (lines 11xx, 12xx, 21xx, 22xx) can be changed by OMB. Contact your OMB representative to request a change to the line titles.

You can run a report in MAX A-11 DE that shows what schedule N looks like in "real time". Changes you are making on-screen will be reflected in the schedule N report. However, information from other accounts that feed into schedule N will reflect the latest uploaded data in MAX for those accounts. Run the report from the master version of the account to see what will print in the *Appendix*.

Schedule N data are displayed in MAX on the basis of a 4–digit line number. Multiple detail rows are indicated by a 2-digit MAX generated line serial number.

The following table identifies the source for each line in MAX schedule N.

SPECIAL AND TRUST FUND RECEIPTS SCHEDULE

Entry		Description		
0100	Balance, start of year	• MAX derives the PY amount from the PY amount reported on line 0799 in the previous year's <i>Budget Appendix</i> . If you believe the PY amount is incorrect, provide your OMB representative with a detailed written explanation of the difference. Any differences will be shown in adjustment line 0298.		
		 MAX copies CY and BY amounts from the end of year amounts reported on line 5099 for the previous year. 		
0198	Adjustments	This line allow OMB to adjust the initial balance		
0199	Balance, start of year, total	MAX calculates this line as the sum of lines 0100 and 0198.		

	Entry	Description	
Receipts and offsetting receipts:		Amount of new collections deposited into special and non-revolving trust fund receipt accounts. Each receipt account will be listed separately by title and given a line serial number. MAX copies these amounts from schedule R and presents current law amounts (transmittal codes 0 and 3) separately from proposed legislation amounts (transmittal codes 1, 2, 4, 5, and 7).	
		These lines are copied into schedule J.	
Curren	t law:		
1110	Receipts		
1120	Offsetting governmental receipts		
1130	Offsetting receipts (proprietary)		
1140	Offsetting receipts (intragovernmental)		
1198	Adjustments	This line allow OMB to adjust current law receipts and offsetting receipts.	
1199	Total current law receipts	MAX calculates this amount as the sum of lines 1100 through 1198.	
Propos	ed legislation:		
1210	Governmental Receipts		
1220	Offsetting governmental receipts		
1230	Offsetting receipts (proprietary)		
1240	Offsetting receipts (intragovernmental)		
1298	Adjustments	This line allows OMB to adjust proposed receipts and offsetting receipts.	
1299	Total proposed receipts	MAX calculates this amount as the sum of lines 1200 through 1298.	
1999	Total: Receipts	MAX calculates this amount as the sum of lines 1199 and 1299.	
2000	Total: Balances and receipts	MAX calculates this amount as the sum of lines 0999 and 1999.	
Appropr	riations, Current law:	MAX pulls this line from schedule X for transmittal codes 0 and 3. It	
21XX	Appropriations, current law, net (–)	 the appropriations (reported on lines 1101, 1171, 1201, and 1271 with the opposite sign); and 	
		• the amounts that become available for obligation from balances of receipts that were previously unavailable (reported on lines 1102 and 1203 with the opposite sign).	
		 the amounts precluded from obligation in a fiscal year because of provisions of law such as benefit formulas or limitations on obligations (reported on lines 1134 and 1234 with the opposite sign); and 	

	Entry	Description
		• the temporary reductions reported on lines 1132, 1133, 1175, 1232, and 1274 with the opposite sign.
		If more than one appropriation is made from the fund, each will be listed separately by title.
		MAX derives the last two digits of this line number from the last two digits of the source line.
2198	Adjustments	This line allows OMB to adjust current law appropriations.
2199	Total current law appropriations (–)	MAX calculates this amount as the sum of lines 21XX–2198.
Appropr	iations, Proposed legislation:	MAX pulls these lines from schedule X, as described above, for
22XX	Appropriations, proposed, net (–)	transmittal codes 1, 2, 4, 5, and 7.
2298	Adjustments	These lines allow OMB to adjust proposed appropriations.
2299	Total proposed appropriations (–)	MAX calculates this amount as the sum of lines 22XX–2298.
2999	Total appropriations (–)	MAX calculates this amount as the sum of lines 2199–2999.
Other ad	justments:	
3010	Special and trust fund receipts returned	MAX calculates this amount from amounts in schedule X on lines 1032 (with the opposite sign), 1950, and 1954.
		MAX includes the amounts of special and trust fund unobligated balances that are:
		 unexpired and written off; or
		 withdrawn by administrative action; or
		 expired (e.g. the fifth year that is canceling) and become available for subsequent appropriation action.
		Also, includes cash refunds or recoveries temporarily precluded from obligation that are available for a subsequent appropriation and are returned to unappropriated receipts.
		MAX excludes amounts that are permanently cancelled and rescinded or withdrawn in special or trust funds that are returned to the general fund of the Treasury.
3098	Adjustment for change in allocation	MAX copies PY amount from schedule X line 1026, with the opposite sign.
4021	Adjustment for change in investments in zero coupon bonds	MAX copies PY amount from schedule X line 1027, with the opposite sign.
4030	Unobligated balances precluded from obligation	MAX copies PY amount from schedule X line 1035, with the opposite sign.
5000	Balance, end of year	MAX calculates this amount as the sum of lines 0999, 1999, 2999 and 3010-4021.
5098	Rounding adjustment	This line allows OMB to adjust for rounding. The amount will not exceed +\- \$2 million.

Entry		Description	
5099 Balance, end of year		MAX calculates this amount as the sum of lines 5000 and 5098.	
		This line is copied as a memorandum entry into schedule J line 8803.	
Balances, end of year:		This section provides lines for cross-checking and does not print in the Budget Appendix.	
Balance, current law (excluding CHIMPs), end of year		End of year balance for current law only, excluding the effects of CHIMPs.	

86.5 What do I need to know about the summary of budget authority and outlays?

If you have a regular account that has separate program and financing schedules for supplemental requests, legislative proposals, or rescission proposals, a summary will be printed in the *Budget Appendix* to report the totals for budget authority and outlays for PY through BY. MAX automatically generates the summary from data in schedule A. However, it is not a separate MAX schedule and cannot be viewed in the database. The summary normally will contain the following entries, as applicable, in the sequence shown:

SUMMARY OF BUDGET AUTHORITY AND OUTLAYS

Entry	Description		
Enacted/requested: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in the regular program and financing schedule under transmittal code 0.		
Supplemental: Budget authority Outlays	Total budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 1.		
Legislative Proposal, Not subject to PAYGO: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 2.		
Proposed for later transmittal: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 3.		
Legislative Proposal, Subject to PAYGO: Budget authority Outlays	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 4.		
Rescission proposal: Budget authority Outlays	Total amount of reduction of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 5.		

Entry	Description		
Amounts included in adjusted baseline:	Total amount of budget authority and outlays for all years shown in a separate program and financing schedule under transmittal code 7. Used by OMB to produce the BBEDCA baseline.		
Budget authority			
Outlays			
Overseas contingency operations:	Total amount of budget authority and outlays for all years shown in		
Budget authority	a separate program and financing schedule under transmittal code 8.		
Outlays			
Total:	Sum of all preceding entries.		
Budget authority			
Outlays			

EXHIBIT 86A SPECIAL SCHEDULES

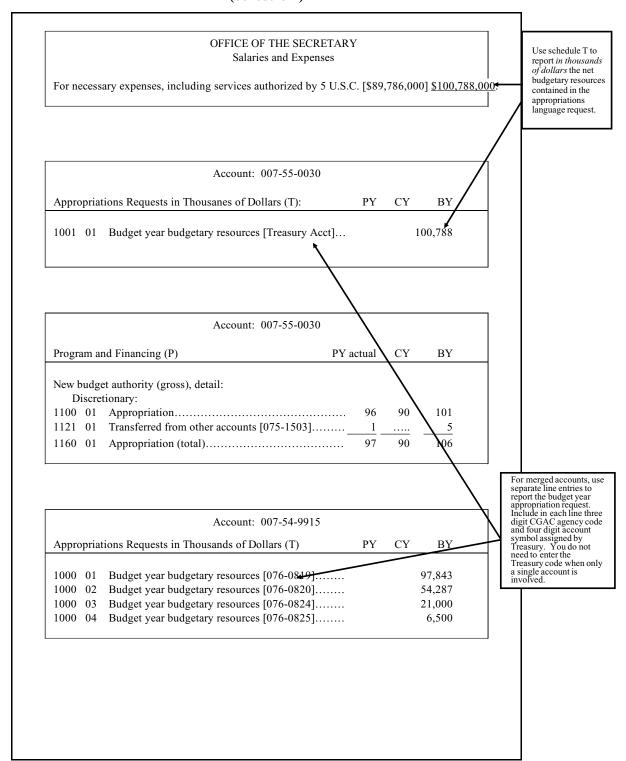
Financial Statements Balance Sheet (Schedule F)

Balance Sheet (in millions of dollars)

Identific	cation code 016-4023-0-3-754	PY-1 act.	PY act.
	SETS Federal assets: Investments in Federal securities:		
1102	Treasury securities, net	. 4	4
1104	Agency securities, net	. 1	2
1106	Receivables, net	1	1
	Non-Federal assets:		
1201	Investments in non-Federal securities, net	1	2
1999	Total assets	. 7	9
LIA	ABILITIES		
	Federal liabilities:		
2101	Accounts Payable	. 1	1
2103	Debt	. 1	1
	Non-Federal liabilities:		
2203	Debt	. 2	4
2999	Total liabilities	. 4	6
NE	T POSITION	====	====
3100	Unexpended appropriations	. 3	3
3999	Total net position	3	3
4999	Total liabilities and net position	. 7	9

Note: Additional information is required for direct and guaranteed loan financing accounts under the Federal Credit Reform Act (see section 86.1). SPECIAL SCHEDULES EXHIBIT 86B

Budget Year Appropriations Requests in Thousands of Dollars (Schedule T)



SECTION 95—BUDGET APPENDIX AND PRINT MATERIALS

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95.11	How do I prepare narrative statements?		
95.12	How should performance information be incorporated into the narrative statements?		
95.13	Are there any special requirements for narrative statements?		
F 054			
	General Style Guidelines Additional Cuidenae for Malina Technical Edita in Appropriations Language		
EX-93B	Additional Guidance for Making Technical Edits in Appropriations Language		
Summary of Changes			
Clarifies	the workflow for getting print materials published in budget <i>Appendix</i> (section <u>95.4</u>).		
Clarifies that changes to appropriations language, including general provisions, with a budgetary			

impact require OMB approval (section <u>95.5</u>).

Further clarifies that legislative language proposed for enactment in authorizing legislation is not included in the budget *Appendix* (section 95.6).

Adds additional entries to and reorders the General Style Guidelines for clarity (Exhibit 95A).

THE APPENDIX

95.1 What is the budget Appendix?

The Appendix—Budget of the United States is one of several volumes that constitute the President's Budget. Like the other volumes, the President transmits the Appendix to the Congress, and it is published through the Government Publishing Office (GPO) and digitally on http://www.whitehouse.gov/omb/. Appropriations Committees, in particular, use the Appendix because it contains the appropriations language proposed by the President for each account that requires such language. The Appendix contains other detailed information about each account, such as program and financing information, obligations by object class, narrative statements and data about the work performed, and employment data. The information printed in the *Appendix* is often referred to as *print materials*.

95.2 How is the *Appendix* organized?

The *Appendix* consists of these parts:

Detailed Budget Estimates by Agency—This is the main part of the *Appendix* and contains general provisions of law that apply to all Government activities, and print materials for accounts organized by agency. Section <u>95.3</u> describes the organization of this part in more detail.

Other Materials—This part may contain:

- A summary of proposed changes to current year estimates through supplemental appropriations and rescissions;
- Detailed print materials for proposed supplemental appropriations;
- A list of amendments and revisions to budget authority requested between transmittal of the previous and current budgets; and
- A list of advance appropriations.

Financing Vehicles and the Board of Governors of the Federal Reserve—Contains descriptions of and data on certain entities that are excluded from the main part of the *Appendix*.

Government-Sponsored Enterprises—Contains descriptions of and data on Government-sponsored enterprises (private corporations chartered by Federal law), such as Fannie Mae.

95.3 How is the "Detailed Budget Estimates" section organized?

This part of the *Appendix* presents materials in the following general order:

- Legislative Branch
- Judicial Branch
- Cabinet agencies in alphabetical order
- Large or prominent non-departmental agencies (for example, the Environmental Protection Agency and the Executive Office of the President) and accounts grouped under the heading, "Other Defense—Civil Programs"
- The remaining agencies, under the heading "Other Independent Agencies," in alphabetical order.

We use the term *chapter* to refer to the presentation of materials for a separate agency or group of agencies. Within the chapter for a department or large agency, the materials are organized by bureaus or other major subordinate organizations within the agency (for example, the Farm Service Agency in the Department of Agriculture) or by major program areas (for example, Community Planning and Development in the Department of Housing and Urban Development). When we establish a new account in the MAX database, we assign a bureau and account sequence code, which determines the order in which bureaus and accounts appear in the *Appendix* (see section <u>79</u>). For the sake of convenience in these instructions, we refer to all equivalent subdivisions of a chapter as bureaus.

The *Appendix* presents accounts in a uniform, logical order in all bureaus, unless there is a compelling reason for an exception. Accounts normally appear as follows:

- General fund accounts
- Special fund accounts
- Public enterprise funds
- Intragovernmental revolving funds and management funds
- Credit reform accounts, with related accounts grouped together in the following order:
 - Program account
 - Financing accounts
 - Liquidating account
- Trust funds
- Trust revolving funds
- General fund receipt accounts

Certain materials are required for each account. The following table shows the print requirements and print sequence for all materials that could be required for an account. Because not all materials apply to a given account, the second column describes the circumstances in which they apply. The fourth column tells you which materials are generated from MAX and which ones you must revise using the MAX A-11 Data Entry (DE) software, as outlined in the User's Guide.

BUDGET APPENDIX PRINT MATERIALS

Type of material	Applicability	See A-11 section	How is it generated?
Appropriations language	Required for each account with appropriations enacted for the current year (CY) or proposed for the budget year (BY). Language is usually not submitted for legislative proposals—transmittal codes 2, 4, or 5.	95.5	MAX edited directly
Special and trust fund receipts schedule	Required for all special and non-revolving trust fund accounts.	86.4	Generated from schedule N
Program and financing schedule	Required for all accounts.	<u>82</u>	Generated from schedule X
Summary of budget authority and outlays	Required for each regular account that also has a non-zero transmittal code.	86.5	Generated from schedule A for accounts reporting data under multiple transmittal codes
Status of direct loans	Required for all credit liquidating and financing accounts with direct loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule G
Status of guaranteed loans	Required for all credit liquidating and financing accounts with guaranteed loan activity, including Government-sponsored enterprises.	185.11	Generated from schedule H

Type of material	Applicability	See A–11 section	How is it generated?
Summary of loan levels, subsidy budget authority, and outlays by program	Required for all credit program accounts with direct loan or loan guarantee subsidies.	185.10	Generated from schedule U
Narrative statement	Required for all active accounts.	95.11	MAX edited directly
Schedule on the status of funds	Required for major trust funds and certain other accounts specified in section <u>86.5</u> .	86.3	Generated from schedule J
Balance sheet	Required for Government-sponsored enterprises and credit liquidating accounts. For noncredit revolving funds, optional at the discretion of OMB.	86.1	Generated from schedule F
Object classification	Required for all accounts.	83	Generated from schedule O
Employment summary	Required for each account that reports personnel compensation in object class 11.1 or 11.3. Also required when FTE are funded by allocations from other accounts.	<u>85.5</u>	Generated from schedule Q

95.4 What is the process for getting print materials published in the *Appendix*?

To submit appropriations language or narrative text for the *Appendix* during the preparation of the 2018 Budget, use the web-based MAX A-11 DE application, which is available to registered users at https://allde.max.gov. You will need a MAX ID to access MAX A-11 DE. For information about how to obtain a MAX ID, visit the MAX homepage: https://max.omb.gov/maxportal/.

Appropriations language appears in the "PA20xx" exercises; narrative language appears in exercises under "PN20xx" and schedules under "PB20xx." When the MAX database opens in early November, you will be able to edit your narrative in MAX A-11 DE.

The process for getting print materials published includes these steps:

When the Congress passes appropriations bills, OMB will load the appropriations language into the MAX database. You will then be notified that your appropriations language is ready to be edited. At this time, begin updating the appropriations language. When you have finished editing the appropriations language and narrative, you will move it forward to the next stage in the workflow. This notifies OMB that you are finished and gives editing permission to OMB. If you miss your deadline, OMB may move accounts from the agency editing stage to the OMB editing stage.

OMB will review the text and make changes as necessary. Once OMB has completed its review, the text will move to the next stage in the workflow—the "amounts only" stage—which permits changes to the funding levels requested in the appropriations language.

OMB will contact you, as needed, to update the funding level in the "amounts only" stage. Accordingly, if your agency has outstanding funding decisions and no outstanding policy decisions that <u>require new language</u>, use a funding placeholder that is \$0,000,000 when submitting your language to the first stage of the workflow.

At any time during the process, you can print out the latest text by account or (depending on your user permissions) for your whole *Appendix* chapter in draft form. OMB may also, from time to time during the process, provide a PDF of your chapter for your review. For detailed information on how to use the MAX

A-11 software to edit and print your text, see the user's guide: https://max.omb.gov/maxportal/webPage/a11/maxA11UsersGuide

APPROPRIATIONS LANGUAGE

95.5 What do I need to know about the appropriations language included in the *Appendix*?

The *Appendix* includes appropriations language that reflects the President's annual request to the Congress for budget authority or other statutory authority. For each account for which appropriations language was enacted in the CY or is proposed for the BY, the *Appendix* proposes appropriations language.

Legislative proposals that request authorizing legislation are not included in the *Appendix*. Proposed appropriations language that would change budget authority or outlays in a mandatory program (also known as "CHIMPs," see section 20.3) requires advance approval from OMB.

In most cases, you will submit proposed BY appropriations language by marking up language enacted as part of a regular CY appropriations act provided by OMB in MAX A-11 DE. However, if regular appropriations have not been enacted, OMB will provide you with special instructions.

If you propose new provisions or changes to enacted language (other than changes in amounts) for individual accounts or administrative and general provisions, include an explanation and justification either with the budget submission to OMB or separately to your RMO if the proposal occurs after that time. Any change to appropriations language with a budgetary impact, including changes to general provisions, requires OMB approval (see section 51.2).

If you propose language that relates to employment of personnel without regard to civil service or classification laws, send a copy of the letter from the Office of Personnel Management approving the new provision(s) to your OMB contact. Submit this information separately from the language submissions; do not write any explanations in MAX A-11 DE. Whenever possible, try to include proposed substantive changes in appropriations language with the budget submission to provide adequate time for review by OMB. When you edit your appropriations language in MAX A-11 DE, do not provide additional parenthetical statutory references following the text of the appropriations language.

When making technical edits to appropriations language, follow the guidelines below (See exhibit <u>95B</u> for illustrations of technical edits for appropriations language):

1. Inserting language.

If you are inserting language to replace deleted language, insert such language *after* the deleted language; also, add new General Provisions at the very end of existing General Provisions.

2. Punctuation.

- a. <u>Dollar Symbols</u>. Include the \$ dollar symbol for funding levels, whether you are inserting or deleting text. If funding levels are not yet available, use "\$0,000,000" as a placeholder (not "\$X,XXX,XXX" and not "\$0")
- b. Existing Punctuation. When inserting text, do so before existing punctuation (and, in so doing, *retain* existing punctuation).

3. Provisos.

a. Use colons before provisos (not semi-colons or periods);

- b. Use "Provided" for the first proviso (capitalized), and "Provided further" for any subsequent proviso in the paragraph [note, new paragraphs begin this rule again];
- c. Place a comma after "Provided" or "Provided further" (as the case may be); and
- d. Capitalize "That".

If no change to the enacted amount is requested in the BY appropriations language, do not strike the amount and re-insert the same amount. In this case, no change to the amount requested is required.

95.6 Is legislative language for mandatory proposals included in the *Appendix* or with other Budget materials?

No. The *Appendix* only includes the President's request to the Congress for budget authority or other legislative authority to be provided through the annual appropriations process. Legislative language for mandatory proposals is not included in the Budget materials transmitted by OMB. OMB may undertake a separate process subsequent to the Budget release to transmit authorizing language for mandatory proposals. Questions on the development of authorizing legislation should be directed to your OMB representative.

95.7 What are the special appropriations language requirements for credit programs?

The Federal Credit Reform Act imposes special appropriations language requirements for credit programs. (See section <u>185</u> for general guidance on credit programs.) Each program account for a direct loan or loan guarantee program must contain:

- A request for an appropriation for the subsidy costs on a net present value basis;
- A specification of the loan level supportable by the subsidy cost appropriation; and
- A request for an appropriation for the administrative expenses for operating the credit program.

Use the following standard subsidy appropriation language, using the bracketed elements as appropriate. If you need to transfer the amount for administrative expenses to a salaries and expenses account, modify the language as described below. Where loans are disbursed beyond the five year period after obligation, you need to add the proviso discussed in section <u>95.8</u>.

[For the cost of direct loans, \$,] [and] [for the cost of guaranteed loans, \$,] as authorized by
[authorizing statute]: Provided, That such costs, including the cost of modifying such loans, shall
be as defined in section 502 of the Congressional Budget Act of 1974: Provided further, That these
funds are available to subsidize [gross obligations for the principal amount of direct loans not to
exceed \$] [,and] [total loan principal, any part of which is to be guaranteed, not to exceed \$]
In addition, for administrative expenses to carry out the [direct] [and] [guaranteed] loan program[s],
\$

In cases where the Budget will propose to transfer administrative expenses to a salaries and expenses account, substitute the following for the last sentence above:

In addition, for administrative expenses to carry out the [direct] [and] loan [guarantee] program[s], \$____, which shall be [paid to appropriation for [name of account]] [or, to the extent necessary,] [used to reimburse the Federal Financing Bank as authorized in section 505(c) of the Congressional Budget Act of 1974].

If you believe that the nature of a program requires a modification of the specified language, you may request an exception (see section 25.2).

95.8 What are the special language requirements for programs that disburse over a period longer than five fiscal years?

Unless otherwise specified by law, budget authority is available for liquidating obligations (that is, outlays) for only five fiscal years after the authority expires. This could be problematic for programs funded by annual or multi-year budget authority where disbursements are expected to occur more than five fiscal years after the authority expires. Where loans or other costs (such as termination costs for some contracts and annual lease payments under operating leases, capital leases, or lease-purchase agreements) will be disbursed beyond the five-year period, use the following standard proviso, modified as appropriate, to ensure that the budget authority will remain available for disbursement over the full term of the contract:

Provided, That such sums are to remain available through 20XX for the liquidation of valid obligations incurred in fiscal year 20XX.

95.9 What are the special language requirements for cancellations of unobligated balances?

When developing legislative language for cancellations of unobligated balances, you must consider whether:

- (1) the account contains funds that were designated as an emergency requirement, as overseas contingency operations/global war on terrorism (OCO), or as disaster funding; and
- (2) the cancellation is permanent or temporary.

Each issue is discussed below.

(1) Appropriations language must be clear that the cancelled funds do not include funds that were designated pursuant to a Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended (BBEDCA), as an emergency requirement, as OCO, or as disaster funding. This is important because cancellations of such funds are not counted as discretionary offsets for appropriations of non-emergency, non-OCO, or non-disaster funds (see section 20.4(i)). Unless the appropriations language specifies to the contrary, cancellations may be executed from funding that was provided using either a congressional or statutory emergency, OCO, or disaster designation.

Include the following proviso whenever you are drafting language that would cancel funds from an account that has ever contained emergency or OCO funding:

Provided, That no amounts may be cancelled from amounts that were designated by the Congress [as an emergency requirement] [for Overseas Contingency Operations/Global War on Terrorism] [for disaster funding] pursuant to the Concurrent Resolution on the Budget or the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

(2) Appropriations language must specify whether or not the cancellation is intended to be permanent, meaning that the funds should be returned to the General Fund of the U.S. Treasury or temporary, meaning that the funds are not returned to the General Fund and could become available for obligation in the future depending on whether they are permanently appropriated or subject to appropriations. (see section 20.4(i)).

If you intend for a cancellation of funds to be *permanent*, use the following standard language, modified as appropriate. The phrase "hereby permanently cancelled" should be used for reductions of general fund appropriations and for reductions of contract or borrowing authority.

Of the unobligated balances from prior year appropriations available under this heading, \$____ are hereby permanently cancelled:

If you intend for a cancellation of funds from special or trust receipts or spending authority from offsetting collections to be *temporary*, use the following standard language, modified as appropriate.

Of the unobligated balances from prior year appropriations available under this heading, \$____ are hereby cancelled:

Temporary and permanent reductions are recorded on distinct line numbers in MAX A-11 DE (see section <u>82</u>).

95.10 What are the special language requirements for requests for emergencies, Overseas Contingency Operations/Global War on Terrorism (OCO), or disaster funding?

If your request includes amounts that the Administration intends the Congress to designate as an emergency requirement or for OCO as defined by the BBEDCA, use the following proviso, modified as appropriate:

Provided, That such amount is designated by the Congress [as an emergency requirement] [for Overseas Contingency Operations/Global War on Terrorism] pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended: *Provided further,* That such amount shall be available only if the President designates such amount [as an emergency requirement] [for Overseas Contingency Operations/Global War on Terrorism] pursuant to section 251(b)(2)(A).

If your request includes amounts that the Administration intends the Congress to designate as disaster funding as defined by the BBEDCA, use the following proviso, modified as appropriate:

For [specify the type of expenses] resulting from major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.), \$___: Provided, That such amount is designated by the Congress as being for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

If the Administration intends the Congress to designate only a portion of the amount being requested as disaster funding, use the following proviso, modified as appropriate:

Provided, That, of the funds provided herein, \$____ shall be for major disasters declared pursuant to the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5121 et seq.): *Provided further,* That the amount for major disasters in the previous proviso is designated by the Congress as being for disaster relief pursuant to section 251(b)(2)(D) of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

Use of any of these three designations is not permitted without the prior approval of your OMB Representative.

NARRATIVE STATEMENTS

95.11 How do I prepare narrative statements?

Exhibit <u>95A</u> provides general style guidance for use in preparing narrative statements. The exhibit also describes other conventions, such as those used for capitalizing account titles and program activities.

(a) Active accounts.

You must prepare a narrative statement (revising last year's statement, if there was one) for every active account, including supplemental requests and legislative proposals. An account is active if the program

and financing schedule shows obligations in the CY or BY, or you estimate that the account will incur obligations in the outyears. Follow these guidelines when writing the narrative for an active account:

- Write the narrative statements in a concise and factual manner, avoiding hyperbole.
- Orient them toward the policies and objectives for the budget year.
- Include quantitative tables that match program performance and dollar data.
- Discuss performance goals and indicators and how the budget request supports them.
- Discuss efforts to improve program performance and efficiency.
- Discuss pertinent legislation enacted since the previous budget and legislative initiatives proposed in the budget.
- Do not discuss the history, authorizing statutes, and other legal references except in special cases, as explained below.

The separate activities (and any subactivities) listed in the obligations by program activity section of the program and financing schedule should present a meaningful breakdown of the total program (see section 82.5). Therefore, it usually makes sense to address them separately in the narrative statements. You should identify the activities in side headings by the title used in the program and financing schedule and present them in the same order.

(b) Inactive accounts.

An account is inactive if it shows no obligations in the CY or BY and you estimate that no obligations will be incurred in the outyears. The narrative for inactive accounts should explain why the account is inactive. For example, it may be that the account funded a temporary study commission that is no longer authorized, received no appropriation after the past year (PY), and simply spends out obligated balances. If an inactive account shows any budgetary resources (budget authority or unobligated balances) in the CY, BY, or outyears, the narrative should explain the expected disposition of the budgetary resources.

95.12 How should performance information be incorporated into the narrative statements?

The statements should support the performance plan by explaining what outcomes the agency expects to achieve with the requested funding and how the agency is working to improve performance and efficiency. Statements should also highlight how quarterly assessments are used to inform funding allocations and what follow-up the agency is taking to improve program performance. Additionally, statements should describe, where appropriate, how implementation of the Priority Goals helps the agency improve its operations and make better use of taxpayer dollars.

95.13 Are there any special requirements for narrative statements?

In addition to the information required for active accounts, the narrative should include certain specific information, described in the following paragraphs, if the account involves any of the following:

(a) Narrative statements for revolving funds.

For revolving funds, the narrative statement should include the information required for active accounts in general (see section <u>95.11</u>) using the side heading *Budget program*. In addition, the narrative statement should address the following topics, with the side headings shown:

Financing. Provide significant information on the fund's means of financing, such as sources of income and authority to borrow (including limits on such authority, amounts actually borrowed and repaid during the year). For funds with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with

respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

Operating results. Provide significant information relating to levels of revenue, expense, and net income or loss. Explain the steps being taken to dispose of any deficits and the planned disposition of net earnings. Include an analysis of retained income on a cumulative basis, disclosing any budget authority amounts used to offset deficits for non-revenue producing outlays since the inception of the fund.

For each fund covered by section 102 of the Government Corporation Control Act, include a specific recommendation on the application of the retained earnings or restoration of capital impairment at the end of the past year. The recommendation should indicate:

- The amount of retained income to be returned to the Treasury and the use to be made of the remainder, if any; and
- Whether restoration of any capital impairment is required and whether this should be done by appropriations or other means.
- (b) Narrative statements for Federal credit programs.

Narrative statements for Federal credit programs should address these items:

- Significant factors in developing subsidy estimates, such as default rates and interest rates charged to borrowers.
- Where relevant, information about how risk categories are defined (see section <u>185.3</u>).
- For loan guarantee programs, the percentage of the loan covered by the guarantee.
- (c) Narrative statements in special cases.

The narrative statement should explain any special circumstances affecting the means of financing the program. Cover the following cases in particular:

Mandatory spending. Indicate the legal basis for the budget authority (since no appropriations language is presented for such items).

Offsetting collections and receipts. When offsetting collections or receipts earmarked in a special or trust fund finance a significant portion of the obligations of the account, discuss the source of the collections or receipts and the purposes of and restrictions on their use. For example, discuss user charges to the public, reimbursable work performed for other organizations, and asset sales. The narrative should also discuss receipts generated by the program but deposited into the General Fund of the Treasury, when pertinent to the operations of the program.

Agency debt issued and investments in agency debt. Unless the information is provided in a balance sheet for the account, the narrative statement should include the following information, as applicable, for the year before the past year (PY-1) through BY. For accounts that issue debt instruments to other Federal accounts (excluding debt issued to Treasury or to the Federal Financing Bank) or to non-Federal entities, indicate the par value of outstanding debt securities issued by the account to other Federal accounts (in total) and non-Federal entities (in total). For accounts that own securities issued by other Federal accounts (excluding securities issued by the Treasury or the Federal Financing Bank) or by non-Federal entities, indicate the par value of the securities owned that were issued by Federal accounts (in total) and non-Federal entities (in total).

Limitations on borrowing or debt. For accounts with a statutory limit on the amount of borrowing or on the amount of debt that can be outstanding at any one time, indicate the amount of the limit and discuss the position of the fund with respect to the limit during the budget year. Include in the statement a discussion of how close to the limit the fund will approach during the year.

GENERAL STYLE GUIDELINES

The following two tables cover general style guidelines for OMB documents. The first table includes guidelines for formatting, punctuation, and the use of symbols including, for instance, whether to capitalize a word and whether to use a hyphen. The second table includes guidelines for spelling and usage including whether a word or phrase should be used in a particular situation.

Table 1. Formatting, Punctuation, and Symbols	Usage	
14 th	use superscript for "th"	
1970s, 1980s, 1950s, 2000s, etc.	no apostrophe before the letter "s"	
2018 Budget	Budget has initial cap; do not use "FY" in front of cited year in any of the Budget of the U.S. documents (all years are presumed to be fiscal years unless otherwise stated). For other documents, include "FY"	
2018 President's Budget or the President's Budget	President and Budget have initial caps	
20 th Century; 21 st Century	Century has an initial cap; use superscript for "th" and/or "st"	
account titles	initial caps, e.g., Salaries and Expenses. Do not apply initial caps to conjunctions, prepositions, or articles included in the account title (e.g., and, to, from, the)	
Administration	initial cap when referring to the current Administration. Past and future administrations are not capitalized unless referred to by a specific name (The Washington Administration).	
Agency	initial cap	
America	initial cap	
* (asterisk) in tables	in Excel-based tables use an asterisk to indicate: an amount less than \$500 million (thousand) or less than 0.5 percent. The corresponding footnote should read: "Less than \$500 million (or thousand)" or "Less than 0.5 percent," as appropriate	
Armed Forces	initial caps	
biodefense	no hyphen	
biosurveillance	no hyphen	
bioterrorist	no hyphen	
Budget	initial cap when referring to the FY 20XX Budget of the United States	
budget	lowercase usage: for estimates, such as "budget totals"; or for departments, such as "the Department of Education's budget"	
Budget volume names	italicize, such as <i>Budget</i> volume, <i>Appendix</i> or <i>Analytical Perspectives</i>	
carry over	no hyphen, separate words, as in "to carry over"	
carryover	no hyphen, as in "carryover" balances	
clean up	no hyphen when used as a verb (to clean up the beach)	

Table 1. Formatting, Punctuation, and Symbols	Usage	
clean-up	hyphenate when used as a noun (as in "oil spill clean-up) or an adjective (as in "clean-up crew")	
colon	two spaces after a colon: for example	
colons and semi-colons are on outside of quotes	"sample": or "sample";	
comma placement examples: "Imposes limits, or 'caps,' through 2012 on annual funding."	commas and periods should be placed inside quotation marks. Put a dash, question mark, or exclamation point within closing quotation marks when the punctuation applies to the quotation itself and outside when it applies to the whole sentence. Colons and semi-colons are outside closing quotation marks	
comma placement example (the "Oxford comma")	in a sequence of words separated by commas, with "and" linked to the last phrase, use a comma before "and." (Example: "eat, drink, and be merry"; not "eat, drink and be merry.")	
Congress's	possessive	
congressional	lower case	
counterterrorism	no hyphen	
crosscut or crosscutting	no hyphen	
D.C.	include periods when abbreviating District of Columbia	
Department	initial cap if part of a name (Department of Defense), or if standing alone and referring to a Federal unit	
DOD	Department of Defense abbreviation (all upper case); same for other departments/agencies	
e.g.,	means "for example"; use periods and a comma following the abbreviation	
E-Government	initial cap E and G with hyphen	
Federal	initial cap	
Federal Government	initial cap F and G	
federally funded	all lower case; no hyphen	
Government	initial cap when referring to the United States	
Government-sponsored	initial cap G when referring to the U.S. and is hyphenated	
Government-wide	initial cap G when referring to the U.S. and is hyphenated	
high-quality	hyphenate	
i.e.,	from the latin (id est) phrase meaning "that is"; comma follows abbreviation	
internet	no initial cap (change from previous guidance)	
its or it's; whose or who's	"its" (with no apostrophe) is possessive, meaning "belonging to it." "It's" is a contraction that means <i>only</i> "it is." Similarly, "whose" means "belonging to who," and "who's" means "who is"	
law cases, citation of	italicize when citing law cases; use "v." and not "vs." e.g., Olmstead v. L.C.	
low-income	hyphenate	

Table 1. Formatting, Punctuation, and Symbols	Usage	
low priority; lowest priority	no hyphen	
M-dash (—)	frequent use of the M-dash, or long dash, within sentences is discouraged. <i>The Chicago Manual of Style</i> defines the M-dash as a device "to denote a sudden break in thought that causes an abrupt change in sentence structure." Thus, it should be used on the rare occasion when a tangential phrase within a sentence is absolutely unavoidable. To add a normal subordinate clause, use of a semi-colon is preferred	
multiyear	one word, no hyphen	
narrative headers	initial caps, e.g., Interstate Maintenance	
Nation	upper case when referring to the United States	
nationwide	lower case	
non-Defense	hyphenated, generally	
nonsecurity	not hyphenated	
numbers listed as 1); 2); 3); etc.	use closed parenthesis only, i.e., not (1); (2); (3), etc.	
online	one word, no hyphen	
outyear	one word, no hyphen	
percent	spell out; do not use % symbol except in tables	
pro rata	two words, no hyphen	
R&D	use an ampersand (&) instead of "and"	
reestimate	no hyphen	
Report names	italicize	
repropose	no hyphen	
rightsize	no hyphen	
semi-colons	use semi-colon in series: ; when following a colon	
spring/summer	no initial caps for seasons	
south; north; east; west; Northeast; Southwest, etc.	initial cap in reference to a proper name or region, e.g., the Southeast; lower case when identifying compass directions, e.g., southeastern United States	
State	initial cap when referring to one or more of the 50 United States	
territorial	lower case	
Territory	initial cap when referring to one or more of the U.S. Territories	
Tribes	initial cap T but lower case for "tribal"	
U.S.	can abbreviate when used as an adjective, i.e., U.S. exports	
United States	initial caps and spelled out when used as a proper noun, i.e., the United States will remain strong	
web-based	hyphenate	
web addresses	italicize web addresses, e.g., www.net.gov	

Table 1. Formatting, Punctuation, and Symbols	Usage
worldwide	one word, no hyphen
year-over-year percent change	hyphenate as noted

Table 2. Spelling and Usage	Description
2017–2018 school year	not 2017-18
all told	use "in total" rather than "all told"
the Budget not "this" Budget	general rule
the Congress	use "the" in front of Congress
conjunctions, use of	avoid beginning sentences with conjunctions such as "And" or "But."
dates	dates generally get a comma after the year when used in a clause, e.g., "on December 12, 2011, we bought our Christmas tree"
finally and further	avoid use of "finally" instead use "also" or "further"
FY	use of "FY" is unnecessary in the various Budget volumes because "all years are fiscal unless stated otherwise" (typically noted at front of the volume)
an FY	not a FY
initiative or program activity names	initial caps, e.g., American Competitiveness Initiative, or Cooperative Extension Systems (in narrative text/non-MAX schedules). Do not use quotation marks
numbers in text	spell out zero to nine; 10 and up use numerals, e.g., nine, 10
numbers in text referencing a range, e.g., 8 to 23	although the numbers zero through nine should be written out when standing alone, do not spell out numbers 0 through 9 when providing them in a range such as 2 to 11, or 9 to 24 (e.g., not two to 11 or nine to 24)
numbers in tables	use numerals e.g., an increase of 3 percent
over	use "slightly more than" rather than "over"
passive voice, use of	avoid use of the passive voice (not "use of the passive voice is to be avoided")
percent	adjective (use of hyphen), e.g., 65-percent response rate generally no more than one decimal place, e.g., 0.8 percent
percentage point or percentage points	use "percentage points" for amounts greater than one and "percentage point" for one or less (e.g. 0.7 percentage point)
possessives	most singular-case usages receive " 's" to create the possessive, including singular words ending in "s." Examples: Charles's; James's (see "Congress's," above). Plural words receive just an apostrophe where appropriate, e.g., States', when referring to more than one State. The possessive of "who" is "whose," not "who's." "Its" is also an exception, as noted above

Table 2. Spelling and Usage	Description
presently	means "in the near future" or "soon." To refer to the present, use "currently" or "at present."
pronouns	avoid use of personal pronouns such as "our," "we," or "us" in narratives
rescission	note spelling
seeks	use "provides" or "proposes" rather than "the Budget seeks"
servicemember	one word
State names	in <u>text</u> passages, spell out State names, e.g., Louisiana, Michigan, Alabama, etc.
	in <u>tables</u> , use 2-letter Postal Service abbreviation for State names (due to space considerations), e.g., LA, MI, AL (no periods)
toward, not towards	do not use the "s"
the DOD, the HHS	no "the" before department/agency acronym
website	one word
workforce	one word
workplace	one word

Additional Guidance for Making Technical Edits in Appropriations Language

1. <u>Inserting language</u>. If you are inserting language to replace deleted language, insert such language after the deleted language; also, add new General Provisions (GPs) at the very end of existing GPs:

LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, [\$5,285,000] \$5,936,000: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary. (FY 2011 Appendix to the President's Budget, p.65)

NOT LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, \$5,936,000 [\$5,285,000]: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

LIKE THIS:

DEPARTMENT OF HEALTH AND HUMAN SERVICES GENERAL PROVISIONS

SEC. [218]216. Of the amounts made available for the National Institutes of Health, 1 percent of the amount made available for National Research Service Awards ("NRSA") shall be made available to the Administrator of the Health Resources and Services Administration to make NRSA awards for research in primary medical care to individuals affiliated with entities who have received grants or contracts under section 747 of the Public Health Service Act, and 1 percent of the amount made available for NRSA shall be made available to the Director of the Agency for Healthcare Research and Quality to make NRSA awards for health service research.

[SEC. 219. By May 1, 2010, the Secretary of the Department of Health and Human Services shall amend regulations at 42 CFR Part 50 Subpart F for the purpose of strengthening Federal and institutional oversight and identifying enhancements, including requirements for financial disclosure to institutions, governing financial conflicts of interest among extramural investigators receiving grant support from the National Institute of Health.]

SEC 217. (a) IN GENERAL. The Health Education Assistance Loan (HEAL) program under title VII, part A, subpart 1 of the Public Health Service Act (42 U.S.C. 292-292p), and the authority to administer such program, including servicing, collecting, and enforcing any loans that were made under such program that remain outstanding, shall be permanently transferred from the Secretary of Health and Human Services to the Secretary of Education;...

(FY 2011 Appendix to the President's Budget, p. 511-512)

NOT LIKE THIS:

DEPARTMENT OF HEALTH AND HUMAN SERVICES GENERAL PROVISIONS

VII, part A, "open 1 of the Public Health Service Act (42 U.S.C. 292-292p), and the authority to aminister such program, "cluding servicing, collecting, and enforcing any loans that were made under ach program that remain outsice" ding, shall be permanently transferred from the Secretary of Health and Human Services to the Secretary of Education;

- (b) TRANSFER OF FUNCTIONS, ASSETS, AND LIABILITIES. The functions, assets, and liabilities of the Secretary of Lealth and Human Services relating to such program shall be transferred to the Secretary of Education;
- (c) USE OF AUTHORITIES UNDER HIGHER EDUCATION ACT OF 1965—In servicing, collecting, and enforcing the loans described in subsection (a). The Secretary of Education shall have available any and all authorities available as such Secretary is servicing, collecting, or enforcing a loan made, insured, or guaranteed under part B of the Aigher Education Act of 1965;
- (d) CONFORMING AMENDMENTS. Effective as of the date on which the transfer of the HEAL program under subsection (a) takes effect, section 7.4 of the Public Health Service Act (42 U.S.C. 292) is amended by adding at the end the following new paragraph: "(6) The term "Secretary" means the Secretary of Education.".
- EC. [218]2). Of the amounts made available for the National Institutes of Health, 1 percent of the amount made available for National Research Service Awards ("Na SA") shall be made available to the Administrator of the Health Resonaces and Services Administration to make NRSA awards for research in primary medical care to individuals affiliated with entities who have received grants or contracts under section 747 of the Public Fealth Service Act, and 1 percent of the amount made available for NRSA shall be made available to the Director of the Agency for Healthcare Research and Quality to make NRSA awards for health service research.
- [SEC. 2.9. By May 1, 2010, the Secretary of the Department of Health and Human Services shall amend regulations at 42 CFR Part 50 Subpart F for the purpose of strengthening Federal and in titutional oversight, and identifying enhancements, including requirements for financial disclosure to institutions, governing financial conflicts of interest among extramural investigators receiving grant support from the National Institutes of Health.]

2. Punctuation.

a. <u>Dollar Symbols</u>. Include the \$ dollar symbol for funding levels, whether you are inserting or deleting text. If BY funding levels are not yet available, use "\$0,000,000" as a placeholder (not "\$X,XXX,XXX" and not "\$0").

LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, [\$5,285,000] \$5,36,000: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary. (FY 2011 Appendix to the President's Budget, p.65)

NOT LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture \$[5,285,000] 5,986,000: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

b. Existing Punctuation. When inserting text, do so before existing punctuation (and, in so doing, retain existing punctuation).

LIKE THIS:

OFFICE OF THE CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, [\$6,566,000: Provided, That no funds made available by this appropriation may be obligated for FAIR Act of Circular A-76 activities until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Oversight and Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out] \$6,632,000. (FY 2011 Appendix to the President's Budget, p.69)

NOT LIKE THIS:

OFFICE OF THE CHIEF FINANCIAL OFFICER

For necessary expenses of the Office of the Chief Financial Officer, \$6,632,000. [36,566,000: Provided, That no funds made available by this appropriation may be obligated for FAIR Act of Circular A-76 activities until the Secretary has submitted to the Committees on Appropriations of both Houses of Congress and the Committee on Oversight and Government Reform of the House of Representatives a report on the Department's contracting out policies, including agency budgets for contracting out.]

LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, [\$5,285,00 1 \$5,36,000: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary. (FY 2011 Appendix to the President's Budget, p.65)

NOT LIKE THIS:

DEPARTMENT OF AGRICULTURE OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, [\$5,285,000:] \$5,936,000: Provided, That not to exceed \$11,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

3. Provisos.

Use colons before provisos (not semi-colons or periods);

Use "Provided" for the first proviso (capitalized), and "Provided further" for any subsequent proviso in the paragraph [note, new paragraphs begin this rule again];

Place a comma after "Provided" or "Provided further" (as the case may be); and

Capitalize "That".

LIKE THIS:

DEPARTMENT OF AGRICULTURE ADMINISTRATIVE PROVISIONS, FOREST SERVICE

Funds appropriated to the Forest Service shall be available for interactions with and providing technical assistance to rural communities and natural resource-based businesses for sustainable rural development purposes: Provided, That no more than 2 percent of any unit's budget may be used for such purposes: Provided further, That no more than 5 percent of the funds in any budget line item may be used for such purposes.

(FY 2011 Appendix to the President's Budget, p. 194)

NOT LIKE THIS:

DEPARTMENT OF AGRICULTURE ADMINISTRATIVE PROVISIONS, FOREST SERVICE

Funds appropriated to the Forest Service shall be available for interactions with and providing technical assistance to rural communities and natural resource-based businesses for sustainable rural development purposes; provided further, that no more than 2 percent of any unit's budget may be used for such purposes. Provided that no more than 5 percent of the funds in any budget line item may be used for such purposes.

SECTION 100—SEQUESTRATION

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Ex-100	Object classes used to define Federal administrative expenses under sequestration.	

Summary of Changes

Instructs agencies to exclude the effects of sequestration orders issued in the budget year and beyond in their Budget data entries (section 100.14).

Clarifies that when new legislation updates a formula for a program but does not add new definite resources, sequestration may be applied to the newly estimated sequestrable resources in the fiscal year the legislation is enacted (section 100.15).

INTRODUCTION TO SEQUESTRATION

100.1 What is sequestration?

Sequestration is the cancellation of budgetary resources for budget enforcement purposes.

Sequestration is required under certain circumstances as set forth in the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended, and the Statutory Pay-As-You-Go Act of 2010 (PAYGO Act).

100.2 What terms and concepts should I understand?

Baseline refers to the baseline from the most recent President's Budget, updated for enacted legislation. A sequestration order issued with the President's Budget uses the baseline from that budget. (See section 80 for more information about the baseline.)

Breach is the amount by which new budget authority within a category of discretionary appropriations for that year exceeds that category's discretionary spending limit ("cap") for new budget authority.

<u>Budget account</u> means an account for which there is a designated budget account identification code number in the President's Budget. A budget account may be associated with one or more Treasury accounts. (See section 20.11(a) for more information about accounts.)

<u>Budgetary resources</u> refer to new budget authority, unobligated balances, direct spending authority and obligation limitations. It includes the authority to spend offsetting collections and receipts. Under BBEDCA, any budgetary resources reflected in the President's Budget are subject to sequestration unless exempted by law.

<u>Cap adjustment</u> refers to funding provided in an appropriations act that results in an upward adjustment to the discretionary spending limits pursuant to section <u>251(b)(2)</u> of BBEDCA. Cap adjustments include those for emergency funding, disaster assistance, overseas contingency operations (OCO), and program integrity. Such upward adjustments may be to either the defense or non-defense discretionary spending limit, depending on the type of funding provided.

<u>Defense function</u> refers to budget authority designated under budget function 050. <u>Non-defense function</u> refers to budget authority in all non-050 budget functions. Under BBEDCA, for discretionary appropriations the non-defense category is called the "revised nonsecurity category" and the defense category is called the "revised security category". (See Exhibit <u>79A</u> for functional classifications.)

Exempt refers to budgetary resources that are not subject to sequestration because the program, account, or resource type is specifically exempted by section 255 or section 256 of BBEDCA or by other laws. BBEDCA provides a list of specific and general exemptions. (See section 100.5 for more information on exempt resources.)

<u>Programs, projects, and activities (PPA)</u> are delineated in the appropriations act or accompanying report for the relevant fiscal year covering an account, or, for accounts not included in appropriations acts (most mandatory accounts), in the most recently submitted President's Budget. Agencies may consult with relevant congressional committees to aid in understanding the delineation of PPAs in report language.

<u>Sequestrable resources</u> are budgetary resources not exempted by any provision of BBEDCA (see section <u>20.3</u>) or other law and therefore subject to sequestration.

<u>Sequestration order</u> is an order issued by the President as required by law that directs agencies to implement sequestration reductions as required by OMB calculations set forth in the accompanying sequestration report.

<u>Sequestration percentage</u> is a uniform percentage reduction applied to sequestrable budgetary resources within a budget account to achieve the amount of the sequestration. The sequestration percentage is set forth by OMB in a sequestration report.

<u>Sequestration report</u> is compiled by OMB and details estimates, calculations, and other requirements as set forth in BBEDCA or the PAYGO Act. (See section <u>100.4</u> for a list of all the required OMB budget enforcement reports.)

<u>Special rules</u> for calculating and executing sequestration for specific programs are listed in sections <u>251A(6)</u>, <u>251A(7)</u>, and <u>256</u> of BBEDCA, and section 6 of the PAYGO Act. For those specific programs subject to a special rule, OMB works with agencies to determine the application of the special rule.

100.3 What are the different types of sequestration?

There are three sequestration triggers in current law: two affect mandatory (direct) spending and one affects discretionary spending.

Sequestration of mandatory resources:

- Section <u>251A</u> of BBEDCA requires sequestration of nonexempt mandatory budgetary resources for fiscal years 2013 through 2021, commonly referred to as a Joint Committee sequestration. Subsequently, this sequestration was extended through 2025 at the percentage reduction that would apply for 2021. The Bipartisan Budget Act of 2015, also specified that, notwithstanding the 2 percent limit on Medicare sequestration in the BCA, in extending sequestration into 2025 the reduction in the Medicare program should be 4.0 percent for the first half of the sequestration period and zero for the second half of the period. The sequestration order for each year is issued with the President's Budget and takes effect on the first day of the upcoming fiscal year.
- The PAYGO Act requires sequestration of nonexempt mandatory budgetary resources if revenue or mandatory spending legislation is enacted that, in total, increases projected deficits or reduces projected surpluses relative to the baseline in the budget year. OMB maintains five- and ten-year scorecards and issues an annual PAYGO report that includes a determination of whether a violation of the PAYGO requirement has occurred. If there are more costs than savings in the budget year column of either the five- or ten-year scorecard, the President is required to issue a sequestration order implementing across-the-board cuts to nonexempt mandatory programs by an amount sufficient to offset the larger of the net costs on the PAYGO scorecards. As described in section 100.4, such an order generally would be issued between mid-December and mid-January, 14 business days after the end of a session of Congress.

Sequestration of discretionary resources:

• The Budget Control Act of 2011 (BCA) amended BBEDCA and reinstated limits, or caps, on the amount of discretionary budget authority for 2012 through 2021. If discretionary appropriations breach either the defense or non-defense caps, section 251(a) of BBEDCA requires a sequestration of nonexempt budgetary resources in that category. If OMB determines that a breach to a cap has occurred, the President must issue a sequestration order canceling budgetary resources in nonexempt accounts by the amount necessary to eliminate the breach in the affected category. As described in Section 100.4, such an order would be issued generally between mid-December and mid-January, 15 business days after the end of a session of Congress.

Cap adjustment funding provided in appropriations acts does not cause a breach of the caps, but is subject to a discretionary sequestration if a breach of the caps occurs, unless specifically exempted in sections $\underline{255}$ or $\underline{256}$ of BBEDCA or in another law.

BBEDCA requires annual reductions to the discretionary caps for fiscal years 2016 through 2021. This is not the same as sequestration, but as described above, a breach of the discretionary caps could trigger sequestration pursuant to section 251(a) of BBEDCA.

For more information on discretionary caps, the Joint Select Committee on Deficit Reduction, and the PAYGO Act, see the section on Budget Enforcement in <u>Chapter 9</u>, "Budget Concepts" of the *Analytical Perspectives* volume of the President's Budget.

100.4 What budget enforcement reports are required?

BBEDCA requires OMB to issue six different kinds of reports to the President and the Congress, which are explained in more detail in the table below. BBEDCA also requires the Congressional Budget Office (CBO) to issue update reports, final reports, and within-session reports similar to the ones described below, with its estimates due five days earlier than the OMB reports. However, the CBO reports are advisory only, and OMB reports determine whether a sequestration is required. The following table describes the BBEDCA reports.

What OMB reports	When
<i>Preview Report.</i> This report, required by section <u>254</u> of BBEDCA, discusses the status of discretionary caps at the beginning of the new appropriations year based on current law. It explains whether any OMB adjustments to the discretionary caps are made for concepts and definitions, and publishes the revised caps. This report also details any proposed changes to the discretionary caps included in the President's Budget.	With the President's Budget
Report to the Congress on the Joint Committee Reductions for the Fiscal Year. This sequestration report, required by section 251A(9) of BBEDCA, provides the calculations of the amount by which discretionary spending limits and direct spending are required to be reduced and lists the reductions required for each budget account with nonexempt direct spending.	With the President's Budget
7-day-after Reports. As part of enforcing the discretionary spending caps, OMB must issue a report following enactment of each appropriations act (including a supplemental appropriations act) estimating the amount of new discretionary budget authority and outlays provided by the act for the current year and budget year. This report, required by section 251(a)(7) of BBEDCA, also contains detailed explanations of any scoring difference between OMB and CBO and provides a summary of enacted legislation versus the discretionary caps.	7 days after enactment of a bill
Update Report. This report, required by section 254 of BBEDCA, revises the Preview Report estimates to reflect the effects of discretionary appropriations enacted since the Preview Report, including any cap adjustments under section 251(b)(2). This report includes a summary of OMB scoring of pending appropriations legislation, which notifies the Congress about the potential for a sequestration in the Final Report, and a preview estimate of the adjustment for disaster funding for the upcoming fiscal year.	August 20
Final Report. This report, required by section 254 of BBEDCA, revises the Update Report caps to reflect the effects of discretionary appropriations enacted through the end of the session of Congress, including any BBEDCA adjustments under section 251(b)(2), and compares OMB's scoring of enacted discretionary appropriations legislation contained in its 7-day-after reports against those caps. The estimates in this report determine whether the President must issue a sequestration order pursuant to section 251(a) of BBEDCA.	15 business days after the end of a session of Congress, generally between mid-December and mid-January.
Within-session Report. Section 254 of BBEDCA requires OMB to report if a discretionary appropriation for a fiscal year in progress is enacted before July 1 that breaches a cap. The report triggers a sequestration order. (If an appropriation is enacted after July 1 that breaches a cap, BBEDCA requires OMB to reduce the same cap for the following year.)	Between the end of a session of Congress and July 1

The PAYGO Act requ	uires OMB to issue two	different kinds of reports	s, which the following table describes.

What OMB reports	When
5- and 10-Year PAYGO Scorecards. These documents, required by section 4(d) of the PAYGO Act, display the budgetary effects of PAYGO legislation in the current year and each year over the 5- and 10-year period beginning in the budget year.	Continuously updated throughout a session of Congress
Annual Report. This report, required by section 5 of the PAYGO Act, includes the final 5- and 10-year PAYGO Scorecards for the recently completed session of Congress. The estimates in this report determine whether the President must issue a sequestration order.	14 business days after the end of a session of Congress, generally between mid-December and mid-January.

100.5 Which budgetary resources are subject to sequestration?

Budgetary resources are subject to sequestration unless they:

- (1) Are expressly listed as exempt in section <u>255</u> or section <u>256</u> of BBEDCA;
- (2) Meet the requirements for one of the general categories for exemption provided in section 255 or section 256 of BBEDCA; or
- (3) Are exempt from sequestration pursuant to another provision of law.

BBEDCA exempts certain general categories of budgetary resources from sequestration, including:

- Unobligated balances of budgetary authority carried over from prior fiscal years, except balances in the defense function.
- Payments made to individuals pursuant to provisions establishing refundable income tax credits.
- Activities resulting from private donations, bequests, or voluntary contributions to the Government.
- Activities financed by voluntary payments for goods or services. Generally, these activities involve a business-like transaction where (1) the Government, acting in a business-like capacity, sells goods or services to a non-Federal purchaser, (2) the sale takes place at the discretion of the purchaser, and (3) the spending derived from the sale is directly related to the provision of goods or services that are offered for sale. This does not include regulatory activities financed by fees imposed on non-Federal entities.
- Intragovernmental funds. This exemption applies to budgetary resources financed by collections from other budgetary accounts. This exemption does not apply to:
 - a. The paying account;
 - b. The account receiving a non-expenditure transfer; or
 - c. Budgetary resources financed by collections of interest paid by the Treasury to other Federal accounts.
- Prior legal obligations of the Government in credit liquidating accounts or credit reestimates.

Amounts temporarily reduced by sequestration that are determined to become available in a subsequent fiscal year without further legislative action pursuant to section 256(k)(6) of BBEDCA are not again subject to sequestration pursuant to the same authority that required the original reduction. However, such amounts would be subject to any sequestration issued pursuant to a different law, unless the separate law exempts them.

BBEDCA provides the President with the option to annually exempt or provide for a lower uniform percentage reduction in military personnel accounts, subject to congressional notification. This is the only optional exemption specified in law.

OMB maintains a list of the sequestrable/exempt classification of budget accounts on the <u>Budget Season</u> Reports page on the MAX Federal Community.

Even if an account, program, or resource is exempted, the portion that funds Federal administrative expenses is sequestrable pursuant to section 256(h) of BBEDCA. The definition of Federal administrative expenses in otherwise exempt budgetary resources depends upon the nature of the program. Generally the object classes in exhibit 100 are used to define Federal administrative expenses subject to sequestration. However, for certain programs, such as business-like programs whose budgetary resources are exempted as voluntary payments for goods or services and partially or fully exempt direct-service health care programs, a more narrow definition of administrative expenses—overhead expenses—applies.

Overhead expenses are defined as the expenses necessary to run a business that are not directly tied to the production and delivery of goods or services (e.g., central management, rent for office space, human resources, and sales). In the case of direct-service health care programs overhead would encompass central administration, but not salaries and other expenses for the direct provision of health care, such as the salaries of doctors and nurses.

Section <u>256(h)</u> does not apply to exempted accounts consisting entirely of administrative expenses.

OMB works with agencies to determine the correct definition of Federal administrative expenses for particular programs.

Under a sequestration of discretionary resources, BBEDCA does not provide an exemption for cap adjustment funding. In general, appropriations that result in a cap adjustment will not trigger a sequestration, but once triggered, are subject to it.

100.6 Why does OMB collect information on outlays from sequestrable mandatory budgetary resources?

OMB calculates the sequestration percentage by dividing the required reduction by the sequestrable base. For a sequestration of mandatory budgetary resources, the sequestrable base is defined as the sum of estimated outlays in the budget year and in the subsequent fiscal year from sequestrable mandatory budget year resources in the baseline.

100.7 How does a sequestration of mandatory budgetary resources interact with a discretionary change in a mandatory program (CHIMP)?

A sequestration that affects mandatory budgetary resources uses the baseline, as required by law, to determine the sequestrable base for an account. The mandatory baseline generally reflects current law and therefore includes the effects of any previously-enacted CHIMPs, which are returned to the mandatory side of the budget after enactment. The baseline does not include the effects of any CHIMPs proposed or anticipated to be enacted in future appropriations acts.

EXECUTION GUIDANCE

100.8 When should I begin to execute a sequestration?

If the sequestration order is issued during the fiscal year in which the sequestration is to occur, the sequestration should begin to be executed as soon as practicable after the President issues the sequestration order. If the sequestration order is issued before the start of the affected fiscal year, the sequestration should be executed beginning on the first day of the affected fiscal year.

100.9 What is my sequestration amount?

Although the reduction amounts contained in a sequestration report are rounded to the nearest million, agencies should calculate the specific dollar reduction required. To do this, multiply the dollar amount of the sequestrable budgetary resources in each budget account listed in the report by the sequestration percentage and round the result to the nearest dollar.

If an account has sequestrable budgetary resources that do not appear in the report because they do not round to a million dollars, a sequestration is still required, and the calculation is the same. If a budgetary resource is sequestrable and is estimated in the baseline to be zero, but the actual budgetary resource is greater than zero, it must be sequestered.

100.10 When can the sequestration amount differ from the amount in a sequestration report?

There are certain programs where the amount of the sequestrable budgetary resource depends on factors that can only be estimated at the time a sequestration report is prepared, for example when the amount of sequestrable budget authority is determined by the amount of receipts collected in the same fiscal year or derived by a benefit formula that determines the number of eligible beneficiaries. In cases such as these, where the actual amount of the sequestrable budgetary resource can vary from the baseline estimate used to prepare the sequestration report due to the nature of the program, OMB may direct agencies to achieve the reduction by multiplying the sequestration percentage by the actual amount of sequestrable budgetary resources, as opposed to multiplying by the estimate of budgetary resources reflected in the report.

Apportionments with budgetary resources subject to this requirement should have an OMB-approved footnote making this method of achieving the reduction explicit.

Questions on the application of this requirement to specific accounts should be directed to your OMB representative.

110.11 What if a continuing resolution (CR) is in effect when a sequestration of discretionary resources is required?

If there is a CR in effect for part of a fiscal year for any budget account, then the sequestration percentage shall be calculated assuming that the enacted level of sequestrable budgetary resources is the annualized amount otherwise available by law in that account under that part-year appropriation. When a full-year appropriation for that account is subsequently enacted, the dollar sequestration calculated at the time of the order will still apply to the account.

Where there are differences between account structures in the CR and the full-year appropriation act that are clearly reflected in the act or in accompanying report language, the reduction amount is adjusted to reflect the budget account structure in the full-year appropriations act. As a general principle, for those accounts that have a different budget account structure in the full-year act, sequestration must be applied so that the total sequestration amount applied to the combination of accounts containing the account structure changes is equal to the total sequestration amount for the combination of comparable accounts in the sequestration report.

100.12 Can I choose which program, project, or activity (PPA) to reduce?

No. Within a PPA, you have discretion on how to achieve the required reduction. However, the sequestrable budgetary resources for all PPAs within a budget account must be reduced by the sequestration percentage that applies to those resources pursuant to section 256(k)(2) of BBEDCA. Cap adjustment funding is generally not considered a separate PPA unless the funding is otherwise delineated in the appropriations act or accompanying report for the relevant fiscal year covering an account.

If a single budget account is subject to more than one sequestration percentage (e.g., it has both defense and non-defense function budgetary resources), this rule applies within those resources subject to the same sequestration percentage (e.g., the sequestrable non-defense function resources must be reduced by the same percentage in each PPA).

Sequestration has no effect on existing reprogramming and transfer authorities. Agencies may take into account the availability of reprogramming and transfer authority in determining how best to implement a program after sequestration.

100.13 What happens to sequestered budgetary resources?

Generally, budgetary resources sequestered from an account are permanently cancelled, meaning they revert to the General Fund of the Treasury.

However, section 256(k)(6) of BBEDCA provides an exception for budgetary resources sequestered in revolving, trust, and special fund accounts, and spending authority from offsetting collections sequestered in appropriations accounts. These funds are temporarily reduced, meaning that the money is not returned to the General Fund, but instead remains as an unavailable balance in the account where the funding was originally deposited.

Resources that have been temporarily reduced are not available for obligation during the fiscal year in which they are sequestered, but remain in the fund or account and may be available in subsequent years only to the extent provided in appropriations or authorizing language.

Resources that have been temporarily reduced will not be available in the subsequent year simply because funding is appropriated on a no-year ("available until expended") or multi-year basis. Once an amount provided in a given fiscal year has been reduced, an extended period of availability for funds appropriated in that year does not make those funds available in the following year. Instead, there must be statutory language that makes the unavailable funding in the account available in a subsequent year, such as an appropriation of all funding in the account (since sequestered funding from a prior year would constitute funding in the account, it would be made available by such an appropriation).

Resources that have been temporarily reduced will also not be available in a subsequent year to the extent statutory language states that only funds from a specific fiscal year are appropriated (assuming that the sequestered funds were not provided in that fiscal year).

OMB, in conjunction with agencies, determines which resources become available in a subsequent fiscal year.

100.14 How do I show the effects of sequestration in my budgetary reporting?

Line numbers used to capture the effects of sequestration in an apportionment, the report on Budget Execution and Budgetary Resources (SF 133), and the budget Program and Financing schedule (schedule P) are shown in Appendix F.

<u>Apportionments</u>: Each line relating to sequestration should use "SEQ" in the line split column. See section <u>120.19</u> for more details on line splits and exhibit <u>120T</u> for an example of how to report sequestration amounts in an apportionment.

<u>Budget execution in SF 133s</u>: Exhibit <u>130L</u> shows an example of how accounts that report the availability of temporarily reduced amounts record their reductions in one year and then record the availability of previously unavailable budgetary resources in the subsequent year.

MAX A-11 Data Entry: Agencies should not enter sequestration reductions in the budget year (BY) and in the outyears unless specifically requested by OMB. If a sequestration order has been issued for the current year (CY), those reductions should be entered in MAX.

Note that temporarily reduced amounts are not available for obligation, and should not be entered on line 1000, unobligated balance brought forward, October 1, in the subsequent year.

For accounts that show the availability in the CY or BY of budgetary resources sequestered in the previous year, record the available budgetary resource on a specific budget enforcement subcategory, "Mandatory, Sequestration Pop-Up, Authorizing Committee."

See section <u>81.2</u> for more information on budget enforcement categories in MAX A-11.

100.15 What happens if enacted legislation affects an account or program with sequestrable budgetary resources after a sequestration order and report are issued?

A sequestration reduction applies to budgetary resources provided by laws enacted as of the date of the issuance of the sequestration order, or for certain expiring programs, resources extended in the baseline according to the baseline rules set forth in section 257 of BBEDCA. Additional budgetary resources above the baseline amount provided in laws enacted between the date on which the sequestration order is issued and the end of the fiscal year for which it is in effect do not change the sequestrable base for an account during that fiscal year. These additional budgetary resources are not subject to sequestration in that fiscal year. Additional budgetary resources can be provided through the extension of an expiring program that was not extended in the baseline pursuant to section 257 of BBEDCA, through the creation of a new program, or through increases in budgetary resources for an existing program. Newly provided budgetary resources will be subject to sequestration in subsequent years unless specifically exempt. Likewise, reductions in budgetary resources provided in laws enacted after the date of the order (e.g., reductions to mandatory budgetary resources in subsequent appropriations acts, or CHIMPs) do not reduce the amount of the sequestration reduction required by the order.

However, if the effect of new legislation is to alter the method of calculating a program already included in the baseline, the sequestration percentage continues to apply to the sequestrable portion of the program, adjusted for the new legislation. Generally, this guidance applies when the program achieves the required sequestration reduction by multiplying the sequestration percentage by the actual amount of sequestrable budgetary resources rather than by using the reduction amount in the report issued for the fiscal year (see section 100.10).

If you believe legislation has changed the amount of budgetary resources subject to sequestration in a fiscal year for which sequestration is ordered, contact your OMB representative.

100.16 Do I need to record decisions made about how my agency implemented sequestration?

Yes. Your agency should record how sequestration is implemented in order to maintain consistency from year to year, to inform your efforts to plan for sequestration in future years, to build institutional knowledge, and to provide adequate documentation in the event of an audit.

100.17 Does sequestration have an effect on my program's ability to collect fees?

Sequestration applies to budgetary resources, which includes spending authority derived from fee collections. Generally, sequestration does not affect a program's ability to collect fees. For questions about how sequestration may interact with the authority to collect a specific fee, contact your OMB representative.

100.18 What do I do if I incorrectly recorded a sequestration reduction?

If you have discovered an error in the budgetary reporting for the current fiscal year, you will be required to record the correction in the current fiscal year as a current year transaction (e.g., appropriation permanently reduced). If you have discovered an error in the budgetary reporting for a previous fiscal year, you will be required to record the correction (e.g., adjustment to unobligated balance brought forward, Oct. 1) in the current fiscal year as an adjustment to the data for the previous fiscal year, even though the action taken to correct the data occurs in the current year. See Appendix F for more information on how to resolve an error in budgetary reporting.

Failure to properly record a reduction in budgetary resources may result in a violation of the Antideficiency Act (ADA). See section 145 for more information on ADA violations.

100.19 Which sequestration percentage applies if my collections are recorded in one fiscal year but obligated in a different fiscal year?

Apply the sequestration percentage specified in the sequestration report for the fiscal year in which the sequestrable budgetary resource is recorded.

100.20 How does a sequestration reduction differ from an across-the-board reduction (ATB) in an appropriations act?

ATBs historically occur in appropriations acts, while sequestration occurs pursuant to BBEDCA or the PAYGO Act. In addition, ATBs historically affect discretionary budgetary resources, while sequestration can affect both discretionary and mandatory budgetary resources. Generally, the reductions are applied differently in the following cases:

If the Budget Authority / Budgetary Resource	Under an ATB reduction, amounts are	Under a sequestration reduction, amounts are
Is derived from the General Fund and resides in a special fund or in a non-trust revolving fund	Permanently reduced	Temporarily reduced
Is derived by non-expenditure transfer	Taken pre-transfer	Generally taken post-transfer in the receiving account
Includes offsetting collections	Taken against the net BA	Taken against the gross BA, after mandated non-expenditure transfers
Is borrowing authority or contract authority	Permanently reduced	Temporarily reduced, if it meets the criteria in section 256(k)(6) of BBEDCA
Is unobligated balances	Not reduced	Reduced only in the defense function (050)
Is funding that will result in a cap adjustment pursuant to section 251(b)(2) of BBEDCA	Not reduced	Reduced.

OBJECT CLASSES USED TO DEFINE FEDERAL ADMINISTRATIVE EXPENSES UNDER SEQUESTRATION

Note that administrative expenses in budgetary resources exempted under the voluntary payments provision use a different definition. (See section 100.5 for more information.)

3-digit object class codes	Standard Titles
	Personnel compensation and benefits
x111	Full-time permanent
x113	Other than full-time permanent
x115	Other personnel compensation
x116	Military personnel — basic allowance for housing
x117	Military personnel
x118	Special personal services payments
x121	Civilian personnel benefits
x122	Military personnel benefits
	Contractual services and supplies
x210	Travel and transportation of persons
x220	Transportation of things
	Rent, communications, and utilities
x231	Rental payments to GSA
x232	Rental payments to others
x233	Communications, utilities, and miscellaneous charges
x240	Printing and reproduction
	Other contractual services
x251	Advisory and assistance services
x252	Other services from non-Federal sources
x253	Other goods and services from Federal sources
x254	Operation and maintenance of facilities
x257	Operation and maintenance of equipment
x260	Supplies and materials
	Acquisition of assets
x310	Equipment

CIRCULAR NO. A-11

PART 3

SELECTED ACTIONS FOLLOWING TRANSMITTAL OF THE BUDGET



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JULY 2016

SECTION 110—SUPPLEMENTALS AND AMENDMENTS

Table of Contents 110.1 How does the President propose changes in the budget in between his annual transmittals of the budget? 110.2 What are supplementals and amendments? 110.3 What do I need to send to OMB? Ex-110A Supplemental requests—appropriations language examples Ex-110B Budget amendments—appropriations language examples Summary of Changes Describes the usage of the budget corrections exercise to collect budget amendments (section 110.3).

110.1 How does the President propose changes in the budget in between his annual transmittals of the budget?

After the President's Budget has been transmitted to the Congress, the President proposes changes in the budget by transmitting appropriations requests to revise the original budget request for the current year (supplemental) or budget year (amendment), including proposed appropriations language for legislative initiatives (e.g., items included in the budget as legislative proposals).

All Executive Branch proposed revisions to the budget must conform to the policies of the President. The requests may be for additional amounts or proposed changes in appropriations language that do not affect amounts previously requested, such as technical corrections or changes in a limitation on the use of trust funds. These requests may be either supplementals or amendments, depending upon when they are transmitted (see section 110.2).

You should make every effort to postpone actions that require supplemental appropriations. However, submit proposals that decrease or eliminate amounts whenever such changes are warranted. When requesting supplementals and amendments that increase the amounts contained in the budget, provide proposals for reductions elsewhere in the agency.

OMB will only consider requests for supplementals and amendments when:

- Existing law requires payments within the fiscal year (e.g., pensions and entitlements);
- An unforeseen emergency situation occurs (e.g., natural disaster requiring expenditures for the preservation of life or property);
- New legislation enacted after the submission of the annual budget requires additional funds within the fiscal year;
- Increased workload is uncontrollable except by statutory change; or
- Liability accrues under the law and it is in the Government's interest to liquidate the liability as soon as possible (e.g., claims on which interest is payable).

It generally takes a minimum of three weeks for OMB and the White House to consider agency proposals for supplementals or amendments that are not transmitted in the annual budget. Allow for this timing when making requests.

See section 79.3 for instructions on identifying supplementals and amendments that will be transmitted with the budget. If the Congress has not completed action on your appropriations bill for the current year before the President transmits his request for the budget year, OMB will issue guidance on the presentation of any amendments to the President's current year request.

110.2 What are supplementals and amendments?

Supplementals are appropriation requests that are transmitted after completion of action on an annual appropriations bill by the Appropriations Committees of both Houses. They may be transmitted prior to, with, or subsequent to transmittal of the succeeding annual budget document. Supplemental requests that are known at the time the budget is prepared are normally transmitted to the Congress with the budget, rather than later as separate transmittals. However, each case will be decided separately. OMB representatives will inform you which supplementals will be transmitted with the budget so you can submit the necessary information. These supplementals may be:

- Requesting additional amounts not previously anticipated; or
- Requesting changes in appropriations language that do not affect amounts previously appropriated.

Amendments are proposed actions that revise the President's Budget request and are transmitted prior to completion of action on the budget request by the Appropriations Committees of both Houses of the Congress. This includes appropriations language for activities authorized since transmittal of the President's Budget that were included in the budget as a legislative proposal.

The most common Budget amendments are technical corrections to fix errors in the appropriations language included in the Budget *Appendix*. Since OMB must submit amendments to the Congress prior to enactment of new appropriations bills, at some point after transmitting the Budget to the Congress, OMB will initiate a separate exercise asking agencies to identify any needed technical corrections to the Budget. This effort is known as the Budget corrections exercise. OMB may use your inputs to author a technical corrections amendment package in the format found in exhibit 110B.

The corrections exercise is also used to correct errors in the MAX data for the Budget. Corrected Budget data does not result in a Budget amendment, but is eventually used as a start in developing the Mid-Session Review exercise. Your OMB representative will contact you at the time of the Budget corrections exercise and provide additional information.

The transmittal of Budget amendments to reflect new policy (i.e., not technical corrections) occurs infrequently. Please contact your OMB representative directly to communicate the need for such an amendment.

110.3 What do I need to send to OMB?

You need to submit the materials below. Also, you should be prepared to revise the material, as appropriate, to reflect Presidential decisions.

(a) Appropriations language

OMB addresses supplemental requests for unforeseen and urgent requirements. See section <u>95.5</u> through <u>95.10</u> for a more detailed explanation of appropriations language requirements including how to develop

language for emergencies, Overseas Contingency Operations/Global War on Terrorism (OCO), and disaster funding pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, as amended.

- (1) Supplementals. Utilize exhibit 110A to develop language for supplemental requests.
- (2) *Amendments*. Prepare language for budget amendments in the format of exhibit <u>110B</u>. Use the language proposed for the budget year in the President's Budget, not the current year appropriation as the base (i.e., make changes to the budget year proposed language).
- (3) Contingent funding previously appropriated. For releases of previously appropriated funding made contingent on the President taking additional action, agencies should contact their OMB representative.

(b) Justification

Prepare a justification in accordance with applicable requirements of section 51. It should also include:

- The reason why additional funds are required in the fiscal year requested, identifying specifically which of the circumstances described in section <u>110.1</u> applies;
- An explanation of proposed language provisions, if necessary; and
- Pertinent data concerning the effect on Federal civilian employment.

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- For *supplemental requests* only, include the following:
- The date when requested funds are needed for obligation;
- A statement of actual and estimated obligations for the year, prepared on a quarterly basis; and
- A statement of actual obligations by month, for the previous three months.

(c) Explanation of request

Provide a short explanation, including the effect of the request on outlays. This explanation should be suitable for transmittal to the Congress as part of the President's proposal. If appropriate, the explanation may be a synopsis of the major points that appear in the justification.

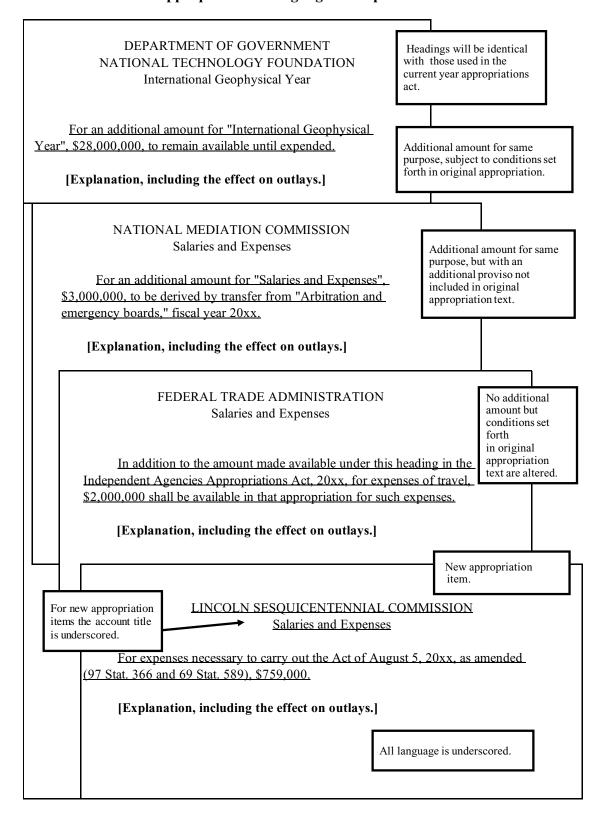
If your request includes amounts for emergencies or for OCO, then the explanation should include the following Presidential designation, modified as appropriate, in order to allow for the release of the funds that are requested to only be made available pursuant to such a Presidential designation:

Provided, That such amount is designated by the Congress [as an emergency requirement] [for Overseas Contingency Operations/Global War on Terrorism] pursuant to section 251(b)(2)(A) of the Balanced Budget and Emergency Deficit Control Act of 1984, as amended: Provided further, That such amount shall be available only if the President designates such amount [as an emergency requirement] [for Overseas Contingency Operations/Global War on Terrorism] pursuant to section 251(b)(2)(A)(ii).]

(d) Letter from agency head

Provide a letter from the head of the agency that includes a statement concerning the validity of obligations, as required by 31 U.S.C. 1108.

Supplemental Requests Appropriations Language Examples



Deletion of entire appropriations

request.

Only total request amended.

Change to total amount requested and other

conditions.

Budget Amendments Appropriations Language Examples

Agency: DEPARTMENT OF GOVERNMENT

Bureau: NATURAL RESOURCES CONSERVATION AGENCY

Heading: River Basin Salinity Control Program

FY BY Budget

Appendix Page: 187

FY BY

Pending Request: \$2,681,000 [See Note 2]

Proposed Amendment: -\$2,681,000 [See Note 3]

Revised Request: ---

(Delete the appropriations language under the above heading.)

[Explanation, including the effect on outlays]

Agency: DEPARTMENT OF GOVERNMENT

Bureau: AGRICULTURE RESEARCH SERVICE

Heading: Salaries and Expenses

FY BY Budget

Appendix Page: 23

[House Document 114-XX, [30] [See Note 1]

Page] [See Note 1]

FY BY

Pending Request: \$42,915,000 [See Note 2]

Proposed Amendment: \$7,057,000

Revised Request: \$49,972,000 [See Note 4]

[Explanation, including the effect on outlays]

Agency: DEPARTMENT OF GOVERNMENT

Bureau: FARM SERVICE AGENCY

Heading: Salaries and Expenses

FY BY Budget

Proposed Amendment:

Appendix Page: [See Note 1] 142

FY BY

Pending Request: \$795,098,000 [See Note 2]

Revised Request: \$886,390,000 [See Note 4]

(In the appropriations language under the above heading, delete "\$796,752,000" and substitute \$888,044,000; delete "\$795,098,000" and substitute \$886,390,000; and delete the entire second proviso beginning with ": Provided further, That beginning the fiscal year 20xx".)

\$91,292,000

[See Note 5]

[See Note 3]

[Explanation, including the effect on outlays]

Appropriations

amount

language change to a general provision with no related dollar

Budget Amendments Appropriations Language Examples--Continued

Agency: DEPARTMENT OF GOVERNMENT

Heading: GENERAL PROVISION

FY BY Budget

Appendix Page: [See Note 1] 708

FY BY

Pending Request: ---

Proposed Amendment: Language

Revised Request: ---

(In the appropriations language under the above heading, insert <u>and Hawaii</u> immediately following "forty-eight contiguous States".)

[See Note 5]

[Explanation, including the effect on outlays]

Agency: DEPARTMENT OF GOVERNMENT

RURAL HOUSING ADMINISTRATION

Heading: <u>Community Grants</u>

FY BY Budget

Appendix Page: [See Note 1] 211

FY BY

Bureau:

Pending Request: ---

Proposed Amendment: \$10,000,000

Revised Request: \$10,000,000 [See Note 4]

(Insert the above heading and the appropriations language that follows immediately after the material under the heading "Rural Housing Grant":)

For grants for essential community facilities in rural areas pursuant to section 763 of the Federal Agriculture Improvement and Reform Act of 1996 (P.L. 104-127), \$10,000,000.

[See Note 5]

[Explanation, including the effect on outlays]

Headings will be identical with the titles proposed in the President's Budget.

New appropriation item. (If the account appears in the BY Budget *Appendix* but includes no language request, the heading will not be underscored.)

Appropriations language-

only change to an account, no change to the

amount requested.

Budget Amendments Appropriations Language Examples--Continued

Headings will be identical with the titles proposed in the President's Budget.

Agency: DEPARTMENT OF GOVERNMENT

Bureau: DEPARTMENTAL MANAGEMENT AND OPERATIONS

Heading: Analysis and Operations

FY BY Budget

Appendix Page: [See Note 1] 517

FY BY

Pending Request: \$265,719,000 [See Note 2]

Proposed Amendment: Language

Revised Request: \$265,719,000 [See Note 4]

(In the appropriations language under the above heading, add the following new language immediately after the second semi-colon and just before the phrase "and of which":)

[See Note 5]

[Explanation, including the effect on outlays]

Note 1: For revisions to previously transmitted amendments, this line will be entitled "House Doc. 11x-xx Page" or "Senate Doc. 11x-xx Page," referencing the page number in the bill, as applicable. This treatment is shown the second example in Exhibit 110B.

Note 2: Amounts in this line should represent the estimates now pending congressional action.

Do not include amounts that were included in the President's Budget as legislative proposals.

Note 3: Reductions in the estimates should be identified by a minus sign.

Note 4: Amounts in all lines should be shown in exact dollars.

Note 5: Language in the President's Budget proposed for the budget year will be the basis for the appropriations language, not the current year appropriation.

SECTION 112—DEFERRALS AND PRESIDENTIAL PROPOSALS TO RESCIND OR CANCEL FUNDS

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T 1101				
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112.1 What do I need to know about rescission proposals and deferrals (impoundments)?

Title X of the Congressional Budget and Impoundment Control Act of 1974 (Public Law 93–344), as amended, requires the President to transmit a *special message* to the Congress whenever a permanent rescission of budgetary resources is proposed. It also requires that special messages be transmitted to the Congress when funds are withheld temporarily from obligation (i.e., deferred).

The President transmits *supplementary messages* to the Congress when information contained in a special message transmitted previously is revised. This section provides instructions on agency reporting procedures and required submissions to OMB.

112.2 What is the difference between an impoundment and a cancellation proposed by the President?

Impoundment means any Executive action or inaction that withholds or precludes the obligation or expenditure of budget authority. In contrast, a *cancellation proposal* is a proposal by the President to reduce budgetary resources that are not subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act. Amounts proposed for cancellation are not to be withheld from obligation. Such amounts are subject to the normal apportionment instructions (see section 120).

There are two types of impoundments:

- Rescission means enacted legislation that reduces budget authority previously provided by law, prior to the time when the authority would otherwise expire. See section 112.18 for detailed instructions on rescission proposals by the President.
- Deferral means any Executive action or inaction that temporarily withholds or effectively precludes the obligation or expenditure of budgetary resources with the intent of using the funds before they expire. Deferrals are permitted only to provide for contingencies, to achieve savings made possible by or through changes in requirements or greater efficiency of operations, or as specially provided by law. Deferrals are generally effected through the apportionment process. See section 112.4 for instructions on reports to the Congress.
- Rescission proposals and deferrals are subject to the requirements of Title X of the Congressional Budget and Impoundment Control Act, which require the President to transmit a special message to the Congress (see section 20.4(i)).

The instructions provided in the remainder of this section apply only to rescission proposals and deferrals.

112.3 When are funds deferred or proposed by the President for rescission withheld from obligation?

Rescissions. Generally, amounts proposed for rescission will be withheld starting immediately after the President submits the Special Message to the Congress. The withholding continues during the time proposals are being considered by the Congress. This will be accomplished through apportionment action.

For amounts withheld through the apportionment process, see section <u>112.19</u> for instructions on completing the apportionment and SF 133 reports for enacted and proposed rescissions. (For timing of apportionment actions, see sections <u>120.23</u>, <u>120.24</u>, <u>120.40</u>, <u>112.14</u>, and <u>112.15</u>.)

Deferrals. OMB may approve apportionments that reflect available budgetary resources temporarily withheld from obligation through the apportionment process. OMB may take such deferral action on its own initiative or at the request of an agency. Do not defer funds without prior approval of OMB.

112.4 What materials are sent to the Congress?

Title X of the Congressional Budget and Impoundment Control Act requires the President to transmit the following materials to the Congress:

- Special messages;
- Supplementary messages, whenever any information contained in a previous special message is revised; and
- Cumulative reports listing the status, as of the first day of the month, of all deferrals and rescission proposals previously included in special messages. The cumulative reports are to be transmitted to the Congress by the 10th day of each month.

Instructions on reporting procedures are provided in section <u>112.18</u>.

112.5 When do I need to submit material to OMB?

For deferrals and proposed rescissions withheld through the apportionment process:

- Submit the required materials when the corresponding apportionment requests are made to OMB;
- If OMB suggests changes in or initiates rescission proposals or deferrals, furnish requested materials expeditiously on a time schedule determined by OMB.

Submit a supplementary report to OMB, including a revised rescission proposal report and proposed rescission language, or deferral report, as appropriate, whenever you submit an apportionment request changing the amount of the rescission proposal or increasing the amount of the deferral, or making any substantial changes to information contained in a previous report.

OMB will report reductions in amounts deferred in cumulative reports based on approved apportionments. Contact OMB no later than the first day of the following month to report the release of all or portions of agency deferrals.

112.6 What materials do I submit for inclusion in a special message for a rescission proposal?

Submit the following materials to OMB for each rescission proposal:

- A proposed rescission report (see exhibit <u>112A</u>);
- Proposed rescission appropriations language (see exhibit 112A); and
- An apportionment request that reflects the amount withheld pending rescission on line 6180 of the apportionment (see exhibit 112B).

For proposed rescissions that are transmitted on the same day (or shortly thereafter) as the budget, verify that amounts on the rescission report agree with the amounts printed in the budget *Appendix*. If accounts with amounts proposed for rescission are combined (or merged) with other accounts in the *Appendix*, the budgetary resources on the rescission report will agree with the combined (or merged) account in the *Appendix*, even if some of the combined accounts have no proposed rescission. Express all amounts in dollars (per the latest apportionment).

112.7 What materials do I submit for inclusion in a special message for a deferral?

Submit the following materials to OMB for each deferral:

- A deferral report (see exhibit 112C); and
- An apportionment request that reflects the amount deferred on line 6181. When a deferral is enacted, include the amount, as a negative on line 1134.

For deferrals that are transmitted on the same day (or shortly thereafter) as the budget, verify that amounts on the deferral report agree with the amounts printed in the *Appendix*. If accounts with amounts deferred are combined (or merged) with other accounts in the *Appendix*, the budgetary resources on the deferral report will agree with the combined (or merged) account in the *Appendix*, even if some of the combined accounts have no deferral. Express all amounts in dollars.

(For information on materials required for supplementary messages, see section <u>112.10</u>.)

112.8 What narrative information do I need to include with rescission or deferral reports?

Include information in the rescission or deferral reports specifying:

- The amount proposed for rescission or deferral;
- The affected account and specific project or governmental functions involved;
- The reasons why the amount should be rescinded or deferred;
- The estimated fiscal, economic, and budgetary effects of the rescission proposal or deferral;
- The effect of the rescission proposal or deferral on the objects, purposes, and programs for which the amount was provided, to the maximum extent practicable; and
- Any other relevant facts, circumstances, and considerations.

Also specify in the deferral report the period of time the budget authority is to be deferred and any legal authority invoked to justify the deferral in addition to Title X of the Congressional Budget and Impoundment Control Act (2 U.S.C. 684).

The information you provide and that is incorporated into special messages constitutes formal notification to the Congress of rescission proposals and deferrals. As such, rescission and deferral reports that you prepare should set forth a brief description of the program; a justification that presents the reasons for the rescission proposal or deferral in a logical, clear, and concise fashion; a persuasive argument in support of each rescission proposal or deferral; and any other relevant information. Specifically address the estimated program and outlay effects.

For instructions on preparation of rescission and deferral reports, see section <u>112.18</u>.

112.9 What am I required to do when a previously reported deferral or rescission proposal changes?

You are required to prepare a *supplementary report* whenever the purpose of the rescission proposal or deferral has not changed, but:

- The amount of the proposed rescission changes;
- The amount of the deferral increases; or
- Other substantial changes are made to the previous report.

Do not prepare a supplementary report when the amount of a deferral decreases. OMB reports reductions in deferrals to the Congress in monthly cumulative reports based on approved apportionments. When all or portions of agency deferrals are released, contact your OMB representative no later than the first day of the following month so that OMB can report these deferrals in the cumulative reports.

When the *purpose of a rescission or deferral changes*, OMB may determine that a *new rescission or deferral report* is required instead of a supplementary report.

112.10 What information is required for the supplementary report?

The supplementary report should specify:

- The amount of the initial proposed rescission or deferral reported in a special message or, when revised reports have been made previously, the amount of the latest revision;
- The amount currently being deferred or proposed for rescission;
- The amount of the increase in the deferral or change in proposed rescission; and
- The reason for the change.

Whenever you revise information on a rescission proposal or deferral previously included in a special message, submit:

- A supplementary report explaining the change;
- The corresponding revised rescission or deferral report;
- In the case of rescissions, revised proposed rescission language; and
- In some cases, an apportionment request.

(NOTE: Insert an asterisk (*) before revisions to information (e.g., amounts withheld or explanations) contained in rescission or deferral reports. Footnote the report "*Revised from previous report.") The supplementary report, the revised rescission or deferral report, and revised rescission language will be included in a special message from the President to the Congress.

112.11 What are the responsibilities of OMB in preparing special messages?

OMB will compile and transmit the special and supplementary messages to the Congress and to the Comptroller General. After the special and supplementary messages are transmitted to the Congress and the Government Accountability Office (GAO), they are printed as House and Senate documents and in the Federal Register.

112.12 What should I do to help OMB prepare cumulative reports?

Notify OMB on the first day of each month when all or portions of agency deferrals are released. After the cumulative reports are transmitted to the Congress and GAO, they are printed as House and Senate documents and in the Federal Register.

112.13 What are my responsibilities after a deferral is reported to the Congress?

Review all deferrals periodically so that amounts deferred for only part of the year may be released in time to be used prudently before the year ends.

112.14 What apportionment action is required when a rescission is enacted?

If the Congress completes action on a Presidential rescission proposal within the 45-day period prescribed by law and rescinds the exact amount proposed by the President (and the amount is being withheld on line 6180 of the apportionment), a new apportionment action is not required to reflect the reduction in budget authority. Adjust the apportionment to reflect the enacted rescission on the appropriate reduction line (and remove it from line 6180) only if apportionment action is requested for other reasons.

In all other circumstances involving congressional rescission of amounts initially proposed for rescission by the President, submit apportionment requests to OMB promptly upon completion of congressional action. (This includes instances when the Congress rescinds an amount different from that proposed by the President within the prescribed 45 days or rescinds all or any portion of the amount proposed by the President subsequent to the expiration of the prescribed 45 days of continuous session.) In all cases, follow congressional action on proposed rescissions affecting your programs or activities to ensure accurate and timely apportionment action.

• Congressionally-initiated rescissions may occur as the result of the reconciliation process established by the Congressional Budget Act (2 U.S.C. 641) or due to changing priorities or economic conditions during the year. Submit apportionment requests after enactment of the statute in such cases and ensure that obligations do not exceed reduced appropriations.

112.15 What apportionment action is required when a rescission is not enacted?

According to law, funds withheld pending rescission must be released following expiration of the prescribed 45 days of continuous session without completion of action on the proposed rescission by both Houses of Congress.

When funds must be released because of congressional inaction on proposed rescissions, submit apportionment requests reflecting the release of the affected amounts to OMB before the end of the prescribed 45 days, as determined by OMB. If the Congress is in session, the 45–day period begins the first day after the Congress receives a special message. If the Congress is not in session at the time of the transmittal of a special message, the 45–day period begins the first day the Congress convenes. If the second session of a Congress adjourns *sine die* before the expiration of the 45 days, the special message is considered retransmitted on the first day of the succeeding Congress and the 45–day period begins the following day. If either House recesses during a session for more than three days to a day certain, the number of days in recess is excluded from the counting period. OMB, in consultation with GAO, will determine the day for the release of each proposed rescission and will notify agencies when funds should be released.

112.16 What apportionment action is required when a deferral is disapproved?

When legislation is enacted to disapprove an Executive deferral, you must take prompt action to ensure the release of the affected amounts. If funds have been deferred through the apportionment process, submit an apportionment request to OMB, reflecting release of amounts previously deferred not later than the day following enactment of the legislation.

112.17 How do I treat proposals to lower limitations on trust or revolving funds?

Statutory limitations on the availability of trust or revolving funds are a mechanism to control funds that would otherwise be available for obligation under broad authority. The limitations are generally not the source of authority to incur obligations; rather, they place a ceiling on the use of a portion of the obligational authority by limiting the amount that can be obligated or committed for a specific purpose or time. Generally, amounts in trust or revolving funds do not expire.

A proposal to lower a statutory limitation on funds that do not expire, by itself, will not result in a rescission. Even when the Congress enacts the lower limitation, the funds may continue to be available for other purposes in the same account.

Only careful programmatic and legal analyses of the account, the limitation, and the basic legislation authorizing the program will permit you to determine whether appropriations language to reduce the limitation is also required.

112.18 What do I include on the different lines of the rescission, deferral, and supplementary reports?

Prepare rescission, deferral, and supplementary reports in accordance with the following instructions: (Examples of these reports are illustrated in exhibits 112A and 112C.)

Entry	Description
Rescission proposal no	A number (RCY–XX) is used to identify each proposed rescission. Enter "R" to designate a proposed rescission and the last two digits of the fiscal year for which the rescission is proposed. OMB will assign a serial number to distinguish between individual reports. You may obtain the serial number from your OMB representative after the special message is transmitted to the Congress.
	If a revised rescission report is prepared, add an "A" to the OMB-assigned serial number (XX) of the initial rescission proposal to indicate the first revision, a "B" to indicate the second revision, etc.
Deferral no.	A number (DCY–XX) is used to identify each deferral. Enter a "D" to designate a deferral and the last two digits of the fiscal year for which the deferral action is taken. OMB will assign a serial number to distinguish between individual deferrals. You may obtain the serial number from your OMB representative after the special message is transmitted to the Congress.
	If a revised deferral report is prepared, add an "A" to the OMB-assigned serial number (XX) of the initial deferral to indicate the first revision, a "B" to indicate the second revision, etc.
Agency	Enter the name of the department or agency for which the rescission is proposed or the deferral action is taken.

Entry	Description
Bureau	Enter the name of the subordinate organization as shown in the most recent Budget.
Account	Enter the title of the appropriation or fund account from which the funds are being proposed for rescission or are being deferred. Also include the Treasury account symbol(s) to indicate the coverage of the report. Enter the account symbols:
	 For the accounts affected by the rescission proposal or deferral; or
	For all accounts that are included under the appropriation title
	not just those subject to the proposed rescission or deferral
	if the account affected by the proposed rescission or deferral is merged in the Budget. Footnote this line as follows:
	"Includes all accounts included under this appropriation title."
New budget authority	Enter the amount of new budget authority specified in appropriation or substantive acts that is available in the current year for the accounts covered by the rescission or deferral report. This amount should equal the sum of new budget authority shown on lines 1100-1105, 1150, 1170-1171, 1200-1204, 1250, 1270, 1271, 1300, 1400, 1500, 1600, 1700 and 1800 of the latest apportionment in exact dollars. For deferrals and proposed rescissions that are transmitted on the same day (or shortly thereafter) as the Budget, amounts should agree with the amounts printed in the <i>Appendix</i> . Thus, if accounts with amounts deferred or proposed for rescission are combined (or merged) with other accounts in the <i>Appendix</i> , the budgetary resources on the deferral or rescission report will agree with the combined (or merged) account in the <i>Appendix</i> , even if some of the combined accounts have no deferral or proposed rescission. Express amounts in dollars (per the latest apportionment).
Other budgetary resources	Enter the amount of other budgetary resources. This amount is equal to the amount on line 1920 minus the sum of lines 1100-1105, 1150, 1170-1171, 1200-1204, 1250, 1270, 1271, 1300, 1400, 1500, 1600, 1700 and 1800 on the latest apportionment.
Total budgetary resources	Enter the total amount of budgetary resources. This should equal the amount on line 1920 of the latest apportionment.
Amount proposed for rescission	On rescission reports, enter the amount of budgetary resources proposed for rescission.
Proposed appropriations language	Include proposed appropriations language (double-spaced and underlined) for rescission proposals.
Amount to be deferred	On deferral reports, enter the amount of budgetary resources to be deferred, as follows:
Part of year	 Report the amount to be deferred for part of the current year. Because you may not defer funds past the time that the funds would expire, you must report a part-year deferral when amounts to be deferred would expire at the end of the year (annual accounts and the last year of multiple-year accounts).

Entry	Description		
Entire year	Report the amount to be deferred for the entire current year. Use only when the funds remain available beyond the end of the fiscal year.		
Justification	Provide a justification that briefly describes:		
	• The activities funded by the account.		
	 The rationale for the deferral or the proposed rescission and the consequences of not expending the funds. 		
	 The authority for withholding the funds in addition to the Impoundment Control Act. 		
	 Any legal authority in addition to sections 1012 and 1013 of the Impoundment Control Act (2 U.S.C. 683–684) for a rescission proposal or deferral. 		
	 Whether a rescission proposal or a deferral action is taken pursuant to the Antideficiency Act. 		
	Since these reports are transmitted by the President to the Congress, they should be written in a clear, concise, and logical manner so that those who are not familiar with the program will be able to understand the proposal.		
Estimated programmatic effect	When there is no estimated program effect, enter "None." This will normally be the case for rescissions proposed and deferrals made pursuant to the Antideficiency Act.		
	When there is an estimated program effect, include a brief, clear statement of the expected effect.		
Effect on outlays	Show outlay savings for proposed rescissions for CY through BY+4 and the total for the five years, as appropriate.		
	Do not show outlay savings for deferrals reported pursuant to the Antideficiency Act.		
Footnotes	For the account(s) covered by a deferral or rescission report, cite any past or current year rescission proposals or deferrals affecting the same account.		
	For a revised rescission or deferral report, indicate all sections containing changes from the initial report with an asterisk (*) and provide the footnote "*Revised from previous report." Subsequent revisions to a report will also indicate changes from the previous report with the specified footnotes.		
	When more than one Treasury account is affected by a proposed rescission or deferral, OMB may require that detail on budgetary resources and changes be supplied at the Treasury account level.		

112.19 How do I reflect the deferral or the proposed rescission on the apportionment?

The following instructions will apply with respect to rescissions and deferrals (see Appendix F for a description of all entries on the apportionment):

EXPLANATION OF LINE ENTRIES ON THE APPORTIONMENT FOR RESCISSIONS AND DEFERRALS

BUDGETARY RESOURCES

Line Entry	Description
1130, 1173, 1272, 1320, 1420, 1520, 1620, 1722 [type of authority] permanently reduced (–)	Enter the amount of enacted rescissions, including rescissions of new appropriations, borrowing authority, contract authority, and prior year unobligated balances.
1131, 1230 unobligated balance permanently reduced (–)	These lines apply to only permanent reductions for budgetary resources returned to the general fund of the Treasury and not available for subsequent appropriation. Consult your OMB representative for temporary reductions of budgetary resources.

APPLICATION OF BUDGETARY RESOURCES

Line Entry	Description		
6180 Budgetary Resources: Withheld pending rescission	Enter the amount of budgetary resources to be withheld from availability pending congressional action on a presidential rescission proposal. Such amounts are subject to the Impoundment Control Act (2 U.S.C. 683). Include amounts proposed for rescission "to achieve savings made possible by or through changes in requirements or greater efficiency of operations," in accordance with 31 U.S.C. 1512. Also include amounts proposed for rescission for other reasons, as well as any unapportioned balances of revolving funds that are being proposed for rescission (amounts being proposed for rescission that could be effectively, efficiently, and legally obligated for the purposes appropriated).		
6181 Budgetary Resources: Deferred	Enter the amount of budgetary resources being set aside for possible use at a later date, before the funds expire. Such amounts are subject to the Impoundment Control Act (2 U.S.C. 684). Include amounts deferred to meet future contingencies under authority of 31 U.S.C. 1512 and 2 U.S.C. 684. These entries will also include unapportioned balances of revolving funds that are temporarily withheld restrictively and funds withheld when the agency could effectively, efficiently, and legally obligate the funds for the purposes appropriated. Include amounts in annual accounts deferred for apportionment later in the year, as well as amounts in multiple- and no-year accounts.		

Rescission Report—Sample Rescission Proposal

Rescission proposal no. RCY–XX

PROPOSED RESCISSION OF BUDGET AUTHORITY

Report Pursuant to Section 1012 of P.L. 93-344

Agency: DEPARTMENT OF GOVERNMENT

Bureau: Bureau of Statistics

Account: Salaries and expenses $(080Y\overline{Y}0200)$

New budget authority: \$744,605,000 Other budgetary resources: 42,000,000 Total budgetary resources: 786,605,000

Amount proposed for rescission: \$223,000

Proposed rescission appropriations language:

The YY represents the year of availability and therefore should be changed.

Annual Funds - last digit of the last year for availability. If 2016 change YY to 16, (080160200), if 2017 change YY to 17, (080170200), etc.

Multi-year Funds - change YY to last digit of the years involved and use a /. 2016-2017 is represented as (08016/170200).

No-year Funds – use X (080X0200)

Of the funds made available under this heading in Public Law XXX-XXX, \$223,000 are rescinded.

Justification: The proposal would rescind \$223,000, thereby reducing the amount generally available in the Bureau of Statistics. The Bureau conducts research to provide the means for a safer, more economical supply of office supply products for the Nation and to provide producers with technologies to supply these products competitively. The proposed rescission is possible because applications for research efforts have fallen drastically from expected levels. This action is taken pursuant to the Antideficiency Act (31 U.S.C. 1512).

Estimated programmatic effect: As a result of the proposed rescission, Federal outlays will decrease, as specified below. This will have a commensurate effect on the Federal budget deficit and, to that extent, will have a beneficial effect on the economy. These reductions can be absorbed within the available resources and would have a negligible impact on the program.

Effect on Outlays (in thousands of dollars)

 FY 20CY	FY 20BY	FY 20BY+1	FY 20BY+2	FY 20BY+3	Total
-178	-45				-223

Apportionment Request for Rescission Proposal Illustrated in Exhibit 112A

		Illusti att	a in Exhibit 112	A						
			xx Apportionment by Public Law XXX-	XX	X _ la		provi	ne header ding the b		t
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Reque	est	ON ON	⁄IВ Action	OMB Footnote	Memo Obligations
		Agency: Department of Government Bureau: Office of Statistics Account: Salaries and expenses (003-04-0200) TAFS: 80-0200 /YY								
IterNo RptCat AdjAuth	2 NO NO	Last Approved Apportionment: M/D/CY Reporting Categories Adjustment Authority provided								11/30/CY
1100		BA: Disc: Appropriation	744,605,000		744,605,0	000				
1700 1740		BA: Disc: Spending auth: Collected BA: Disc: Spending auth: Antic colls, reimbs, other	42,000,000		5,000,0 37,000,0					
1920		Total budgetary resources avail (disc. and mand.)	786,605,000		786,605,0	000				
6001		1st quarter	200,000,000		200,000,0					198,601,325
6002		2nd quarter	200,000,000		200,000,0					
6003		3rd quarter 4th quarter	186,605,000		186,382,0					
6180		Withheld pending rescission			223,0	000	Use this line to withhold funds pending rescission			withhold rescission
6190		Total budgetary resources available	786,605,000		786,605,0	000			П	

Exhibit Note: Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.

Deferral Report

Deferral No. DCY-XX

DEFERRAL OF BUDGET AUTHORITY

Report Pursuant to Section 1013 of P.L. 93-344

Agency: DEPARTMENT OF GOVERNMENT

Bureau: Bureau of Statistics

Account: Foreign Assistance (080YY0300)

New budget authority: \$2,419,600,000 Other budgetary resources: 486,647,204 Total budgetary resources: 2,906,247,204

Amount deferred for entire year: \$2,330,097,776

The YY represents the year of availability and therefore should be changed.

Annual Funds - last digit of the last year for availability. If 2016 change YY to 16, (080160200), if 2017 change YY to 17, (080170200), etc.

Multi-year Funds - change YY to last digit of the years involved and use a /. 2016-2017 is represented as (08016/170200).

No-year Funds – use X (080X0200)

Justification: The deferral withholds all funds for which there are no approved country-by-country plans. The President is authorized by the Foreign Assistance Act of 1961, as amended, to furnish assistance to countries and organizations, on such terms and conditions as he may determine, in order to promote economic or political stability. Section 531(b) of the Act makes the Secretary of Government, in cooperation with the Administrator of the Bureau of Statistics, responsible for policy decisions and justifications for economic support programs, including whether to provide an economic support program for a country and the amount of the program for each country.

These funds have been deferred pending the development of country-specific plans that assure that aid is provided in an efficient manner and are reserved for unanticipated program needs. This action is taken pursuant to the Antideficiency Act (31 U.S.C. 1512).

Estimated programmatic effect: None.

Apportionment Request for Deferral Proposal Illustrated in Exhibit 112C

Line No Line Regional Grants - technical assistance Line No Line Li	Illustrated in Exhibit 112C									
Agency: Department of Government Bureau: Bureau of Statistics Account: Foreign Assistance (003-04-0300) TAFS: 80-0300 /YY										
IterNo Reporting Categories Adjustment Authority provided	Line No		Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
RptCat AdjAuth NO Reporting Categories Adjustment Authority provided			Bureau: Bureau of Statistics Account: Foreign Assistance (003-04-0300)							
1740 BA: Disc: Spending auth; Antic colls, reimbs, other 486,647,204 486,647,204	RptCat	NO	Reporting Categories							5/31/CY
1920 Total budgetary resources avail (disc. and mand.) 2,906,247,204 2,906,247,204	1100		BA: Disc: Appropriation	2,419,600,000		2,419,600,000				
6004 4th quarter: Country specific grants 2,330,097,776 0 6011 Regional Grants - technical assistance Regional Grants - equipment 250,000,000 326,149,428 326,149,428 326,149,428 302,250, 6181 Deferred 2,330,097,776 Use this line to defer funds	1740		BA: Disc: Spending auth; Antic colls, reimbs, other	486,647,204		486,647,204				
6011 Regional Grants - technical assistance Regional Grants - equipment 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,428 250,000,000 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,420 326,149,149,149,149,149,149,149,149,149,149	1920		Total budgetary resources avail (disc. and mand.)	2,906,247,204		2,906,247,204				
6012 Regional Grants - equipment 326,149,428 326,149,428 326,149,428 302,250, 6181 Deferred 2,330,097,776 Use this line to defer funds	6004		4th quarter: Country specific grants	2,330,097,776		0				
funds										175,000,000 302,250,000
6190 Total budgetary resources available 2 906 247 204 2 906 247 204	6181		Deferred			2,330,097,776	•		line	to defer
	6190		Total hudgatary resources available	2 906 247 204		2 906 247 204				

Exhibit Notes

- 1) Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriation for this account is apportioned for the purpose of paying legitimate obligations related to canceled accounts.
- $2)\ This\ apportionment\ reflects\ congressional-initiated\ deferral\ as\ contained\ in\ P.L.\ XXX-99\ on\ July\ 28,\ CY.$

SECTION 113—INVESTMENT TRANSACTIONS

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113.1 How do I record investment in securities, disinvestment, and earnings?

(a) Overview.

You may only invest funds in securities if you are authorized to do so by law. Authorizing laws usually specify investment in Federal securities; they rarely authorize investment in non-Federal securities (see the definitions below). The budget treatment of investment in non-Federal securities, described in subsection (c), differs from that of Federal securities, described in subsection (d).

The guidance in this section regarding purchase premiums and discounts doesn't apply to the Treasury Department's purchases of marketable Treasury securities from the public prior to their maturity (often referred to as "debt buybacks"). The budget records buyback premiums and discounts as means of financing a surplus or deficit, rather than as outlays or offsetting collections or receipts. The buyback premium or discount is the difference between the purchase price of a security and its book value. The book value can be expected to differ from the par value (face value) of the security.

(b) Special terms for investment defined.

- (1) Accrued interest purchase means payments to the seller of a security, when a security is purchased, for interest that has accrued to the seller but that will be paid to the purchaser.
- (2) *Amortization* means to record a portion of any purchase discount or purchase premium in each reporting period over the life of a security, or it means the amount so recorded.
- (3) Book value means the par value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
- (4) *Earnings* refer collectively to some or all of these components: interest, accrued interest purchases, the amortization of purchase premiums and discounts, and sales gains and losses.

- (5) Federal securities consist of securities issued by Federal agencies, including nonmarketable par value Treasury securities, market-based Treasury securities, marketable Treasury securities, and securities issued by other Federal agencies. This includes investments in Federal securities through the secondary market by Federal agencies. (Compare this to non-Federal securities.)
- (6) *Interest* means the nominal interest or stated amount of interest received on a security.
- (7) Marketable Treasury securities, including Treasury bills, notes, and bonds, are types of securities that Treasury initially issues by sale to the marketplace and that can be bought and sold on securities exchange markets.
- (8) Market-based Treasury securities are special series debt securities that the U.S. Treasury issues to Federal entities without statutorily determined interest rates. These securities are not offered to the marketplace and cannot be bought and sold on exchange markets, but Treasury sets their terms (prices and interest rates) to mirror the terms of marketable Treasury securities. Because they mirror market terms, the purchase price may reflect a premium or discount.
- (9) Net value, for the purpose of budget schedules, means the par value of a security reduced by the amount of any purchase discount on a cash basis. This definition differs from the definition of "Treasury securities, net" as reported in balance sheets under section 86.2 (see Differences between amounts recorded in budget schedules and financial statements in subsection (d)).
- (10) Nonmarketable par value Treasury securities are special series debt securities that the U.S. Treasury issues to Federal entities at par value. These securities are not offered to the marketplace and cannot be bought and sold on exchange markets. As required by the authorizing laws, Treasury sets the interest rate on such securities taking into consideration current market yields on outstanding marketable Treasury securities of specified maturity. Because these securities are sold at par value, there is no purchase premium or discount.
- (11) Non-Federal securities consist of securities issued by a non-Federal entity, including State and local governments, private corporations, and Government-sponsored enterprises, regardless of whether the securities are federally guaranteed. This includes investments by Federal agencies in money market as well as mutual funds, even if the money market or mutual fund's assets consist entirely of Federal securities.
- (12) *Par value* is the amount of principal a security pays at maturity. It is the amount printed on the face of a Treasury security, which is why it is sometimes referred to as the face value, or the equivalent book-entry amount.
- (13) Purchase discount means the excess of a security's par value over its purchase price.
- (14) Purchase premium means the excess of a security's purchase price over its par value.
- (15) Sales gain means the excess of the sales price over the purchase price of the security.
- (16) Sales loss means the excess of the purchase price over the sales price at the time of the sale.

(c) Non-Federal securities

The budget treats an investment in a non-Federal security (equity or debt security) as a purchase of an asset, recording an obligation and an outlay in an amount equal to the purchase price in the year of the purchase. You cannot incur such an obligation unless budget authority (or unobligated balances of budget

authority) is available for the purpose. If a law clearly requires such investment without requiring further action by the Congress, we will generally construe that law as providing budget authority for the purpose.

Investment in non-Federal securities consumes budgetary resources, unlike investment in Federal securities. The purchase of non-Federal securities using unobligated balances reduces the balances. The balance doesn't include the value of non-Federal securities because the funds have been spent for the purchase of the assets.

When such securities are sold or redeemed at maturity, the budget records the proceeds as offsetting collections or receipts, which adds to the balances of the account.

You record interest and other earnings on such investments as described for earnings on Federal securities in the next subsection, except that you must account for such earnings separately from earnings on investments in Federal securities. You record earnings credited to a general fund appropriation account or revolving fund account as offsetting collections on line 4033 or 4123, Non-Federal sources, of the program and financing statement. You record earnings credited to a special or trust fund account as proprietary receipts in a separate receipt account for this purpose.

In a few cases, the budgetary treatments described in this subsection are superseded by statutory accounting requirements. For example, the Federal Credit Reform Act of 1990 (FCRA) accounts for the government's issuance of a direct loan (as defined in that Act), which is conceptually similar to the acquisition of a private debt security, on a present-value rather than a cash basis. Also see section 185, Federal Credit. Some other statutes, such as those governing the Troubled Asset Relief Program, prescribe accounting akin to that in FCRA for the acquisition by those programs of non-federal equity, debt, or analogous securities.

The Treasury Financial Manual (TFM) provides guidance to agencies for the accounting and reporting of cash not deposited in a Treasury General Account and investments in non-Federal securities. It specifically provides guidance on cash and investments held outside of the U.S. Treasury as they relate to budgetary funds and non-budgetary funds under the Federal Government's custodial responsibility. An electronic version of the TFM chapter can be found at:

http://tfm.fiscal.treasury.gov/v1/p2/c340.html.

In addition to the Treasury guidance, please contact your OMB representative to establish the appropriate receipt accounts, where necessary, to properly report the non-Federal investment activity. Receipt accounts may include, but are not limited to, the following:

- Interest and dividends on non-Federal securities;
- Realized gains on non-Federal securities; and
- Proceeds from non-Federal securities not immediately reinvested.

(d) Federal securities.

Because Federal securities are the equivalent of cash for budget purposes, we treat investment in them as a change in the mix of assets held, rather than as a purchase of assets. The following bullets describe the treatment in general terms, and the following table explains how to record specific transactions in the budget. The purchase, sale, or redemption of an asset, or the earnings in a year, may combine several transactions.

Principal. The investment reduces the cash balances by the purchase price and increases balances
of Federal securities. How you report balances of Federal securities depends on which budget
schedule you are working with.

- ▶ Special and trust fund receipts schedule (schedule N). This schedule doesn't divide the unavailable balances into cash and Federal securities. It presents the balances as a single amount (unless the balances are divided for other reasons). The amount equals the uninvested cash balance, plus the *net value* (as defined in subsection (b)) of Federal securities held. MAX generates schedule N automatically. (See section 86.4.)
- Program and financing schedule (schedule P). This schedule doesn't divide balances (unobligated or obligated balances) into cash and Federal securities. It presents the balances as a single amount (unless the balances are divided for other reasons). The amount equals the uninvested cash balance, plus the net value (as defined in subsection (b)) of Federal securities held. Enter the end of year unobligated and obligated balances in MAX as you would normally. In addition, you must enter memorandum entries for total investments at par value at the start and end of each year. MAX copies the CY and BY start of year amounts from the end of year amounts reported on line 5001 for the previous year. (See section 82.18.)
- Status of funds schedule (schedule J). We require this schedule for certain accounts listed by agency in section 86.3. For unexpended balances at the start of the year, the schedule presents one amount. For unexpended balances at the end of the year, the uninvested amount plus unrealized discounts on shown on line 8700 and a separate amount for the Federal securities at par value on line 8701. The MAX database generates schedule J automatically. (See section 86.3.)
- Earnings. You record all earnings as net interest. Some components may be positive (such as interest and realized purchase discounts) and others negative (such as accrued interest purchases and purchase premiums). Record each component as an increase or decrease in the net interest for the year in which the transaction occurs. For investments from a general fund appropriation account or revolving fund account (including a trust revolving fund account), record interest as an offsetting collection credited to the account (line 4031or 4121 Interest on Federal securities) of the schedule P. For investments from a special or trust fund account (non-revolving), record interest in a receipt account for interest (usually one ending with the suffix .20). The Status of Funds schedule, if one is required for the account, records earnings on lines that correspond to the entries for offsetting collections in the schedule P or the receipts credited to receipt accounts, as appropriate.

We may specify an alternative treatment for certain accounts where these rules may result in significant distortions of amounts presented in the budget.

The following table lists the transactions associated with investments in Federal securities in the first column and explains how to record them in the budget schedules in columns 2 through 4. Please note these features of the table:

- The second column contains instructions for recording transactions in the schedule P. The instructions for recording principal transactions apply to all accounts investing or disinvesting in securities. The instructions for recording earnings apply only to investments from general fund appropriation accounts or revolving fund accounts (including trust revolving funds).
- The third column contains instructions for recording earnings in special and trust fund (except trust revolving fund) receipt accounts for interest.
- The fourth column contains instructions for recording transactions—both principal transactions and earnings transactions—in the Status of Funds schedule required for certain accounts listed in section <u>86.3</u>.

- Although the instructions on balances specify end of year balances, they apply equally to start of year balances, because end of year balances are carried forward and become the start of year balances for the next year. MAX automatically generates the start of year balances in the Unavailable Collections schedule (MAX schedule N), the Program and Financing schedule (MAX schedule P), and the Status of Funds schedule (MAX schedule J).
- A negative sign "(-)" at the end of a stub label means that you normally report negative amounts on this line. A direction to increase the amount reported means you should report a larger negative amount, and a direction to decrease the amount means you should report a smaller negative amount. The absence of a sign means you normally report positive amounts on this line. It is possible for negative earnings (such as a sales loss) for an account for a year to produce a positive amount for offsetting collections, or a negative amount for receipts, if the amounts reported for other transactions during the year are not sufficient to offset the negative earnings. (No signs appear in the stub labels printed in the budget.)

If the transaction is	In schedule P	Or, in the special or trust fund receipt account for interest (usually suffix .20)	And, in the Status of Funds schedule				
(1) Principal, upon investment.	Increase the amount reported on line 5001, "Total investments, end of year; Federal securities: Par value," by the par value	Not applicable.	Decrease the amount reported on line 8700, "Uninvested balance (net), end of year," by the purchase price in the purchase year.				
	in the purchase year.		Increase the amount reported on line 8701, "Invested balance, end of year," by the par value in the purchase year.				
(2) Purchase discount—the excess of a security's par value over the purchase price.	Not applicable.	Not applicable.	In the year of the purchase, increase the amount reported on line 8700, "Uninvested balance (net), end of year," by the discount amount.				
			When the security matures: (1) Decrease the amount reported on line 8700, "Uninvested balance (net), end of year," by the amount of the purchase discount; and (2) increase the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the purchase discount.				
(3) Purchase premium—the excess of a security's purchase price over its par value.	Decrease the amount reported on line 4031 or 4121, "Interest on Federal securities (–)," by the premium amount in the year of the purchase.	Decrease the amount reported as interest by the premium amount in the year of the purchase.	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the purchase				

If the transaction is	In schedule P	Or, in the special or trust fund receipt account for interest (usually suffix .20)	And, in the Status of Funds schedule			
			premium in the year of the purchase.			
(4) Accrued interest purchase—a payment to the seller of a security, when a security is	Decrease the amount reported on line 4031 or 4121, "Interest on Federal securities (–)," by the	Decrease the amount reported as interest by the amount of the accrued interest	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by			
purchased, for interest that has accrued to the seller but that will be paid to the purchaser.	amount of the accrued interest purchase in the year of purchase.	Purchase in the year of the purchase.	the amount of the accrued interest purchase in the year of purchase.			
(5) Interest—the nominal or stated amount of interest received.	Increase the amount reported on line 4031 or 4121 "Interest on Federal securities (–)," by the amount of interest received each year.	Increase the amount reported for interest by the amount of interest received each year.	Increase the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of interest received each year.			
(6) Principal, upon redemption at maturity.	Decrease the amount reported on line 5001, "Total investments, end of year; Federal securities: Par value," by the par value in the year of redemption.	Not applicable.	Increase the amount reported on line 8700, "Uninvested balance (net), end of year," by the par value in the year of redemption.			
			Decrease the amount reported on line 8701, "Invested balance, end of year" by the par value in the year of redemption.			
(7) Principal, upon sale	Decrease the amount	Not applicable.	In the year of the sale:			
before maturity.	reported on line 5001, "Total investments, end of year; Federal securities: Par value," by the par value in the year of sale.		Increase the amount reported on line 8700, "Uninvested balance (net), end of year" by the sales price.			
			Decrease the amount reported on line 8701, "Invested balance, end of year" by the par value.			
			Decrease the amount reported on line 8700, "Uninvested balance (net), end of year," if the security was purchased at a discount.			
(8) Sales gain—the excess of the sales price over the purchase price.	Increase the amount reported on line 4031 or 4121, "Interest on Federal securities (–)," by the	Increase the amount reported for interest by the amount of the gain in the year of the sale.	Increase the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by			

If the transaction is	In schedule P	Or, in the special or trust fund receipt account for interest (usually suffix .20)	And, in the Status of Funds schedule			
	amount of the gain in the year of the sale.	(usually sullix .20)	the amount of the gain in the year of the sale.			
(9) Sales loss—the excess of the purchase price over the sales price.	Decrease the amount reported on line 4031 or 4121 "Interest on Federal securities (–)," by the amount of the loss in the year of the sale.	Decrease the amount reported for interest by the amount of the loss in the year of the sale.	Decrease the amount reported on the line corresponding to the offsetting collection or receipt, as appropriate, by the amount of the loss in the year of the sale.			

Differences between amounts recorded in budget schedules and financial statements.

- Purchase discounts. Budget schedules record them when the security matures. In most cases, financial statements amortize them over the term of the security.
- Purchase premiums. Budget schedules record them at purchase. In most cases, financial statements amortize them over the term of the security.
- Net value. For budget schedules, the term means the par value of a security minus the amount of any purchase discount on a cash basis. Don't confuse it with the term *Treasury securities, net* used in financial statements, which means the par value of a security minus the amount of any unamortized discounts or plus the amount of any unamortized premiums.
- Signs. Earnings reported as offsetting collections in the program and financing schedule carry the opposite sign from income reported in financial statements. In the program and financing statement, increases in income are reported as negative amounts and decreases are reported as positive amounts.

Differences between amounts recorded by Treasury and the budget. You will encounter differences between Treasury records and the budget if a law authorizes you to invest special or trust funds in Federal securities but requires appropriations acts to determine the amount of receipts available to incur obligations. Treasury treats the authority to invest the receipts as an appropriation, recording the receipts as appropriated in the year received and subsequently as unexpended balances of appropriations (combined unobligated and obligated balances). Since such appropriations do not provide budget authority, do not record budget authority in the program and financing schedule. The MAX database will report these amounts, along with the other amounts reported as special and trust fund receipts, in the special schedule required under section 86.4 (without separate identification for the invested portion of the balances).

113.2 How do I treat an investment in a Federal security other than a zero coupon bond on an SF 133?

If you purchase a Federal security *at a discount*, the total balances on the SF 133 should not change. See exhibit <u>113A</u> for all accounts. See section <u>130</u> for a discussion of the SF 133 Report on Budget Execution and Budgetary Resources.

If you purchase a Federal security at a premium:

- For a general fund appropriation account or a revolving fund (including a trust revolving fund), you reduce the collections on line 1700 or 1800 by the premium, i.e., the amount greater than par, or accrued interest. However, the amount recorded as a negative amount on line 1700 or 1800 must never result in an amount of less than zero on lines 1910 and 1920. See exhibit 113B.
- For a special or trust fund account (excluding a trust revolving fund), normally there will be no change on the SF 133 because the amount is only available for investment, but there will be a reduction in the special or trust fund receipt account. However, it is important to understand the budgetary and programmatic impacts of purchasing a Federal security other than a zero coupon with a premium or accrued interest. If you have a special or trust fund account (excluding a trust revolving fund) where only the interest and earnings are available for obligation, there will be a reduction in the special or trust receipt account that will then be shown as a reduction to an appropriation on line 1101 or 1201. However, the amount recorded as a negative amount on line 1101 or 1201 must never result in an amount of less than zero on lines 1910 and 1920. The SF 132 should also be consistent with the appropriate budgetary treatment.

113.3 How do I treat the redemption of a Federal security other than a zero coupon bond on an SF 133?

If the purchase was at a *discount* and if the redemption is at *par*:

- For a general fund appropriation account or a revolving fund (including a trust revolving fund), you show the discount realized on line 1700 or 1800. See exhibit <u>113C</u>.
- For a special or trust fund account (excluding a trust revolving fund), you will show the discount realized when the amount is appropriated out of the special or trust fund receipt account. See exhibit 113D.

113.4 How do I treat investments in securities issued by non-Federal entities on an SF 133?

Treat investment in non-Federal securities (equity or debt securities) as the purchase of an asset. You must record an obligation and an outlay for the purchase in an amount equal to the purchase price.

113.5 How do I treat an investment in a zero coupon bond on an SF 133?

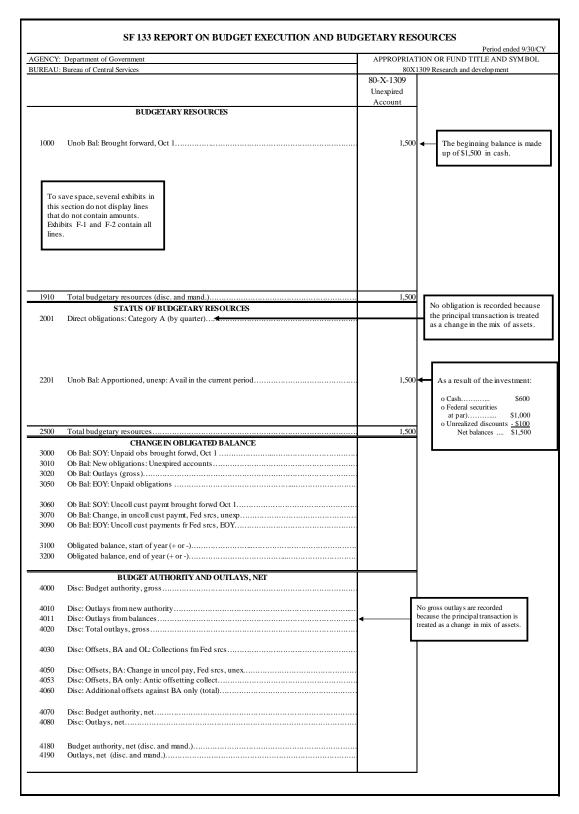
If you purchase a zero coupon bond *at a discount*, the total balances on the SF 133 should change. At the time the bond is purchased, record an amount equal to the purchase price (par value minus purchase discount) as precluded from obligation. As the discount is amortized and recorded as earnings, record the earnings as precluded from obligation. See <u>appendix F</u> and <u>section 82.18</u> for treatment of investments in zero coupon bonds.

113.6 How do I treat the redemption of a zero coupon bond on an SF 133?

When the bond matures or is redeemed, all amounts previously precluded from obligation become available for obligation.

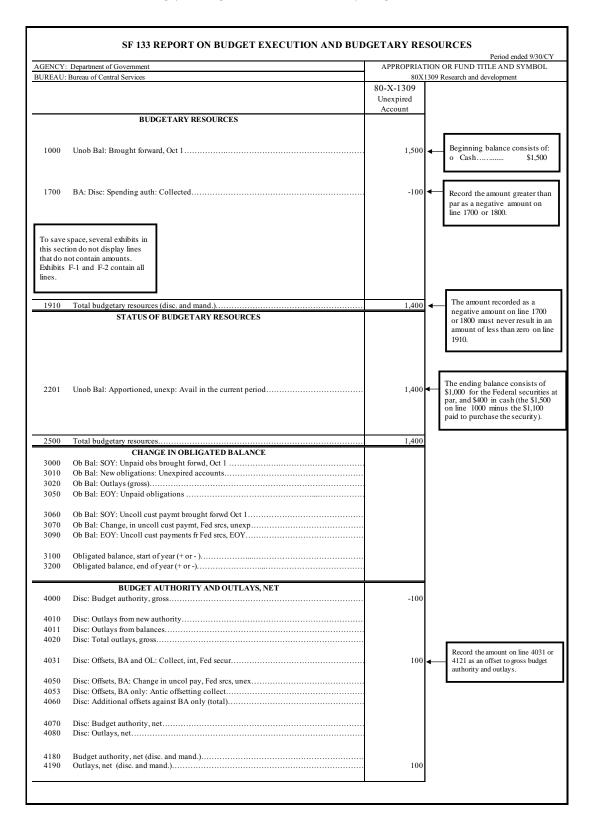
Investment in Federal Securities at a Discount All Accounts

Illustration: An account with a cash balance of \$1,500 invests in a \$1,000 (par value) Federal security at a 10% discount.



Investment in Federal Securities at a Premium General Fund Appropriations or Revolving Fund Accounts

Illustration: An account with a cash balance of \$1,500 invests and pays a \$100 premium for a Federal security with par value of \$1,000.



Federal Securities Purchase at a Discount and Sold or Redeemed at Par General Fund Appropriations or Revolving Fund Accounts

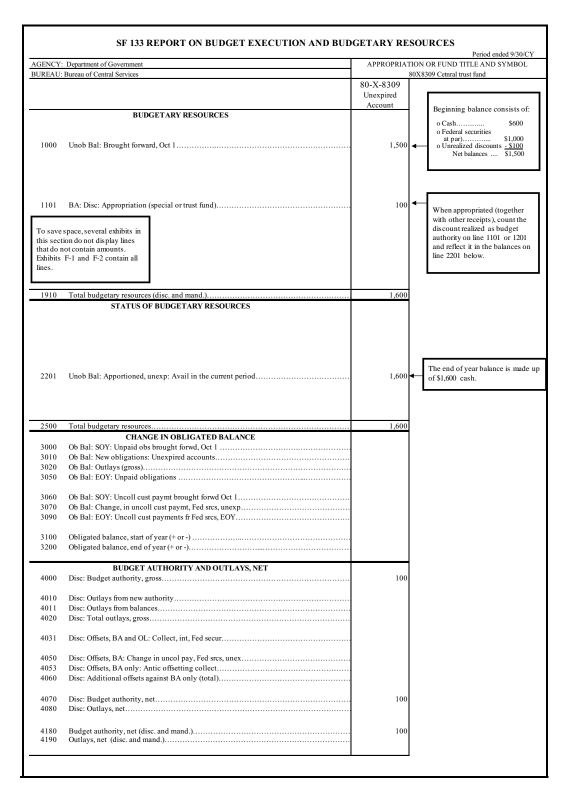
Illustration: This account redeems the security at par value and receives cash.

This means that the discount realized is authorized to be credited and used without further appropriation action.

GENCY:	Department of Government	APPROPRIATI	Period ended 9/30/C ON OR FUND TITLE AND SYMBOL
UREAU:	Bureau of Central Services	80X13 80-X-1309 Unexpired	09 Research and development
	BUDGETARY RESOURCES	Account	
1000	Unob Bal: Brought forward, Oct 1	1,500	
1700	BA: Disc: Spending auth: Collected	100	When the cash for the discount is collected, record it on line 1700 or 1800.
this secti that do n	space, several exhibits in on do not display lines ot contain amounts. F-1 and F-2 contain all		
1910	Total budgetary resources (disc. and mand.)	. 1,600	
1710	STATUS OF BUDGETARY RESOURCES	1,000	
2201	Unob Bal: Apportioned, unexp: Avail in the current period	. 1,600	
2500	Total budgetary resources.	. 1,600	
3000 3010 3020	CHANGE IN OBLIGATED BALANCE Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 Ob Bal: New obligations: Unexpired accounts. Ob Bal: Outlays (gross).		
3050 3060	Ob Bal: EOY: Unpaid obligations Ob Bal: SOY: Uncoll cust paymt brought forwd Oct 1		
3070 3090	Ob Bal: Change, in uncoll cust paymt, Fed srcs, unexp. Ob Bal: EOY: Uncoll cust payments fr Fed srcs, EOY.		
3100 3200	Obligated balance, start of year		
4000	BUDGET AUTHORITY AND OUTLAYS, NET Disc: Budget authority, gross	. 100	
4010 4011 4020	Disc: Outlays from new authority. Disc: Outlays from balances. Disc: Total outlays, gross.		
4031	Disc: Offsets, BA and OL: Collect, int, Fed secur		Record the amount on line 4031 4121 as an offset to gross budget
4050 4053	Disc: Offsets, BA: Change in uncol pay, Fed srcs, unex		authority and outlays.
4060	Disc: Offsets, BA only: Antic offsetting coffeet. Disc: Additional offsets against BA only (total).		
4070 4080	Disc: Budget authority, net		
4180 4190	Budget authority, net (disc. and mand.)		

Federal Security Purchased at a Discount and Sold or Redeemed at Par Special or Trust Fund Accounts (excluding Trust Revolving Funds)

Illustration: This is identicial to the circumstances in Exhibit 113C, except the account is a special or trust fund and the realized discount is automatically appropriated.



CIRCULAR NO. A-11

PART 4

INSTRUCTIONS ON BUDGET EXECUTION



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016

SECTION 120—APPORTIONMENT PROCESS

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Summary of Changes

Allows for rounding up of cents to dollars even if it is not the nearest dollar (section 120.21).

Drops the higher of last year's enacted appropriations level or the current year's enacted appropriation level in to just current year's enacted appropriation level (section 120.41).

Clarifies how to reflect the previous approved column post short-term continuing resolution (section 120.61 and Exhibit 120H).

INTRODUCTION TO APPORTIONMENTS

120.1 What is an apportionment?

An apportionment is an OMB-approved plan to use budgetary resources (31 U.S.C. 1513(b); Executive Order 11541). It typically limits the obligations you may incur for specified time periods, programs, activities, projects, objects, or any combination thereof. It may also place limitations on the use of other resources, such as FTEs or property. An apportionment is legally binding, and obligations and expenditures (disbursements) that exceed an apportionment are a violation of, and are subject to reporting under, the Antideficiency Act (31 U.S.C. 1517(a)(1), (b)). See section 145 for more on reporting violations of the Antideficiency Act.

120.2 What terms and concepts should I understand to work with apportionments?

A Treasury Appropriation Fund Symbol (TAFS) has <u>adjustment authority</u> if OMB has approved an apportionment with a footnote describing what new or additional resources are automatically apportioned without the need for OMB to approve a new apportionment and a YES is in the Line Split column of the adjustment authority line (AdjAut). For instance, OMB may provide adjustment authority for cases where actual earned reimbursements exceed the estimate on the apportionment. For more on adjustment authority, see sections <u>120.50</u> and <u>120.51</u>.

The <u>Antideficiency Act</u> prohibits Federal employees from obligating or disbursing amounts in excess of an appropriation, an apportionment (or in its absence), an allotment, a suballotment or any other subdivisions of funds that are identified in your agency's administrative control of funds. For more on the Antideficiency Act, see section <u>145</u>.

An amount is <u>apportioned</u> for obligation in the current fiscal year when it appears on the Category A, Category B, or Category AB lines. Amounts apportioned for obligation in future fiscal years appear on

the Category C lines. The Application of Budgetary Resources section also includes lines for amounts that are exempt from apportionment or not apportioned for either current or future fiscal years.

An <u>automatic apportionment</u> is approved by the OMB Director in the form of a Bulletin or provision in Circular A-11, and typically describes a formula that agencies will use to calculate apportioned amounts. An automatic apportionment is in contrast to the written apportionments, which typically include specific amounts, and which are approved by an OMB Deputy Associate Director (or designee).

<u>Carryover amounts</u> are unobligated balances that are available from the prior fiscal year(s) in multi-year and no-year accounts. See section <u>120.24</u> regarding the submission, for OMB approval, of requests for the apportionment of carryover amounts. Pursuant to sections <u>120.7</u> and <u>120.57</u>, carryover amounts are automatically apportioned at zero until a written apportionment is issued for such amounts.

<u>Category A, Category B, Category AB or Category C</u>—Apportioned amounts appear on different groups of lines in the application of budgetary resources section of an apportionment. Amounts are identified in an apportionment-

- by time (Category A),
- by program, project, or activity (Category B),
- by a combination of program, project, or activity and time period (Category AB),
- for future years (only for multi-year/no-year accounts) (Category C).

You must report obligations to Treasury with the same categories as used on the apportionment.

<u>Exception apportionment</u> is a colloquial term that describes the written apportionment that is issued for operations under a continuing resolution (CR), in lieu of the OMB-issued automatic apportionment.

<u>Footnotes</u> provide additional information and direction beyond the line stubs and dollar amounts. See section 120.34 for more information.

<u>Impoundment</u>—Pursuant to the Impoundment Control Act, apportionments may also set aside all or a portion of the amounts available for obligation.

- Amounts *deferred* through the apportionment process are those portions of the total amounts available for obligation that are specifically set aside as temporarily not available until released by OMB
- Amounts withheld pending *rescission* are those portions that are set aside pending the enactment of legislation reducing the authority to obligate such funds.

For further information on deferrals and rescissions, including the difference between an impoundment and a cancellation proposed by the President, see section 112.

The <u>line split</u> column allows you to provide information about a line or to distinguish between two or more budgetary resource amounts that you would otherwise put on a single line. For more details on line splits, see section <u>120.19</u>.

<u>Memo obligations</u> are amounts obligated during the current fiscal year at the time the apportionment request is prepared. The date of the obligations is at the top of the column.

<u>Program reporting category</u>—Agencies and OMB will work together to determine the program reporting categories (if any) under which the agencies will report their obligations in their SF 133 Reports on Budget Execution and Budgetary Resources (see section 130). Program reporting categories should be based on elements that agencies track in their financial systems. Though you are encouraged to use program reporting categories, there are some cases where OMB and agencies will choose not to use any.

The program reporting categories are not used to apportion funds and are not subject to the Antideficiency Act (Appendix G).

<u>Reapportionments</u> are made when you need to make changes to the previously approved apportionment for the current year. For example, you should request a reapportionment when approved apportionments are no longer appropriate or applicable because the amounts available for obligation have increased or unforeseen events have occurred.

The <u>Treasury Appropriation Fund Symbol (TAFS)</u>, combines the Treasury agency or department code, the Federal account symbol, and the period of availability of the resources in the account. The period of availability may be annual, multi-year, or no-year. Annual TAFS have funds that are available for obligation for no longer than one fiscal year. Multi-year TAFS have funds that are available for a specified period of time in excess of one fiscal year. No-year TAFS have funds that are available until expended. See section <u>20.4</u> for more details.

The Department of the Treasury's list of account symbols may be found here: http://fiscal.treasury.gov/fsreports/ref/fastbook/fastbook home.htm

<u>Written apportionment</u> is a term you will see in continuing resolution (CR) automatic apportionment bulletins. Written apportionments are approved by an OMB Deputy Associate Director (or designee) that typically include specific amounts, and are in contrast to automatic apportionments under an OMB-issued CR bulletin or under a provision in Circular A-11.

120.3 Are apportionments made at the Treasury appropriation fund symbol (TAFS) level?

Yes, apportionments are made at the TAFS level. See section <u>20.11</u> for more details on TAFSs. For cases of allocation transfers, see section <u>120.29</u>.

120.4 What TAFSs are required to be apportioned?

All TAFSs are required to be apportioned, except in the case of a TAFS that is exempt from apportionment.

120.5 What TAFSs are exempt from apportionment?

The following types of TAFSs are exempt from apportionment:

- TAFSs specifically exempted from apportionment by <u>31 U.S.C. 1511(b)</u> or other laws.
- TAFSs for which budgetary resources:
 - are available only for transfer to other TAFSs (unless OMB determines otherwise);
 - have expired for obligational purposes (in this case, the last apportionment during the unexpired phase applies); or
 - have been fully obligated before the beginning of the fiscal year.
- TAFS of the following types, which the OMB Director may exempt from apportionment pursuant to 31 U.S.C. 1516:
 - Management funds (Treasury TAFSs with the symbols 3900–3999);
 - Payment of claims, judgments, refunds, and drawbacks;
 - Payment under private relief acts and other laws that require payment to a designated payee in the total amount provided in such acts;
 - Foreign currency fund TAFSs (unless OMB requests), section <u>120.63</u>;

- Interest on, or retirement of, the public debt; and
- Items the President has determined to be of a confidential nature for apportionment and budget execution purposes.

To see a list of TAFS that are exempt from apportionment, a report is available through the apportionment system.

120.6 Can a portion of my TAFS be exempt from apportionment?

Yes, in a very limited number of cases, only a portion of the budgetary resources for a TAFS must be apportioned. In these cases, agencies must show the full amount of budgetary resources, show the amounts subject to apportionment on apportioned lines, and show the amounts not subject to apportionment on Line 6183, Exempt from apportionment.

120.7 Do I need to submit an apportionment every fiscal year for TAFS that are multi-year/no-year?

Yes. Multi-year/no-year TAFS with unexpired budgetary resources available for obligation MUST be apportioned every fiscal year, unless exempt under section <u>120.5</u>. See also section <u>120.57</u>.

120.8 Can I incur obligations without an apportionment?

No, an obligation cannot be incurred without an OMB approved apportionment (written or automatic), except when the relevant account, from which the amounts are being obligated, is exempt from apportionment. The Antideficiency Act (section 145) prohibits the incurring of obligations that exceed the approved apportionment amount (including, e.g., purchase services or merchandise). See section 145 for specifics on the Antideficiency Act.

120.9 Can I use an apportionment to resolve legal issues about the availability of funds?

No. The apportionment of funds is not a means for resolving any question dealing with the legality of the amounts available by law or the legality of using funds for the purpose for which they are apportioned. Any question as to the legality of the amounts available by law, or the legality of using funds for a particular purpose, must be resolved through legal channels.

WHAT IS IN AN APPORTIONMENT?

120.10 How is the apportionment organized?

The top of the apportionment shows the name and account number of the TAFS being apportioned, and often includes other descriptive information, e.g., agency name, bureau name, budget account name and number.

The apportionment always includes two sections: Budgetary Resources and Application of Budgetary Resources. The Budgetary Resources section always appears toward the top of the apportionment, and shows all budgetary resources, e.g., appropriations, reductions, non-expenditure transfers, in the TAFS. The Application of Budgetary Resources shows apportioned amounts, which are legal limits that restrict how much an agency can obligate, when it can obligate, and what projects, programs, and activities it can obligate for.

Apportionments for guaranteed loan accounts include a third section, Guaranteed Loan Levels and Applications.

Each section of an apportionment includes line numbers and descriptions of all pertinent amounts. See Exhibit 120A for a complete list of line numbers. Appendix F describes each line in detail.

120.11 Why is the Budgetary Resources section needed?

The budgetary resources section is necessary for several reasons.

- First, it provides sufficient detail for OMB to see what level of funding is coming into the TAFS and therefore available to be apportioned. In many cases, apportioned amounts tie back to amounts on specific budgetary resource lines.
- Second, budgetary resource lines on apportionments match the lines used in the President's Budget Program and Financing schedule and SF 133 Report on Budget Execution and Budgetary Resources. The reason that these three presentations use the same line numbers is to facilitate comparisons that provide agencies and OMB with a basis to know they are looking at the right numbers. In addition, the Budget Enforcement Act (BEA) category (i.e., discretionary or mandatory) information in this section is provided to the Treasury Department to facilitate agency reporting of BEA information in budget execution reports.
- Third, the apportionment is the first step in a fiscal year's budget execution process, and provides the basis for agencies to post information in their funds control and financial systems.

120.12 After OMB approves an apportionment, can I obligate against all budgetary resources?

Not necessarily. You should not obligate until apportioned amounts have been allotted in accordance with your agency's OMB-approved funds control regulations (see section 150, Administrative Control of Funds). There are other circumstances in which you cannot obligate funds following an apportionment. For example, you cannot obligate against anticipated resources. You must wait until the resources are realized before incurring obligations. Additionally, in some cases, a footnote to the apportionment will state that amounts are apportioned, but are only available for obligation when specified events occur (such as an agency taking certain action).

120.13 What is the format of the Applications of Budgetary Resources section and what categories does OMB use to apportion funds?

OMB usually uses one of four categories to apportion budgetary resources in a TAFS.

<u>Category A</u> apportions budgetary resources by fiscal quarters, e.g., quarter one (October 1 through December 31), quarter two (January 1 through March 31). Lines 6001 through 6004 are used for quarters one through four, respectively.

<u>Category B</u> apportions budgetary resources by program, project, activities, objects or a combination of these categories. Lines 6011 through 6110 are used for Category B apportioned amounts. One TAFS can potentially have dozens of Category B apportionments, each pertaining to specific activities, projects, and so on. There are also cases when it makes programmatic sense for OMB to use a single, Category B apportionment for a given TAFS.

<u>Category AB</u> apportions budgetary resources by a combination of fiscal quarters and projects. You may use Lines 6111 through 6159 to apportion a maximum of 12 projects in this manner. The table below shows which lines are reserved for which quarters.

Lines\Quarters	
6111 – 6114 (Q1 thru Q4, respectively)	Project #1

Lines\Quarters	
6115 – 6118 (Q1 thru Q4, respectively)	Project #2
6119 – 6122 (Q1 thru Q4, respectively)	Project #3
6123 – 6126 (Q1 thru Q4, respectively)	Project #4
6127 – 6130 (Q1 thru Q4, respectively)	Project #5
6131 – 6134 (Q1 thru Q4, respectively)	Project #6
6135 – 6138 (Q1 thru Q4, respectively)	Project #7
6139 – 6142 (Q1 thru Q4, respectively)	Project #8
6143 – 6146 (Q1 thru Q4, respectively)	Project #9
6147 – 6150 (Q1 thru Q4, respectively)	Project #10
6151 – 6154 (Q1 thru Q4, respectively)	Project #11
6155 – 6158 (Q1 thru Q4, respectively)	Project #12

<u>Category C</u> apportions budgetary resources in multi-year and no-year TAFSs into future fiscal years. Lines 6170 thru 6173 are used for Category C apportioned amounts. (Note: Category C amounts that OMB apportions in one year are not available for you to obligate against in the following year. For these amounts to be available, OMB must approve a new request in the following year that apportions these amounts on Category A, B, or AB lines.) See section <u>120.52</u> for additional information.

Apportionments may include a combination of categories.

<u>In some cases (uncommon), budgetary resources are not apportioned.</u> In such cases, the non-apportioned budgetary resources are shown using one of four apportionment lines —

- (1) Withheld pending rescission (rarely used),
- (2) Deferred (rarely used),
- (3) Unapportioned balance of a revolving fund, and
- (4) Exempt from apportionment (uncommon, and used in TAFSs with both budgetary resources subject to and exempt from apportionment at the bottom of the section on the Application of Budgetary Resources). See <u>Appendix F</u> for definitions of these lines.

Agencies must report obligations to Treasury (GTAS) using the same level of specificity as appears on the apportioned section of your most recent approved apportionment. For instance, if OMB uses a single Category B project with five program reporting categories, you must report obligations for each program reporting category. Likewise, if OMB uses 10 Category B projects and you incur obligations for each of these projects, your GTAS submission and SF 133 budget execution report must show obligations for each of these 10 Category B categories and continue to report them in the expired phase.

120.14 What is the format of the Guaranteed Loan Levels and Applications section?

An apportionment for guaranteed loan financing accounts can have a third section, Guaranteed Loan Levels and Applications section. This section shows limitations on loan levels by program level either from the current year and/or unused from prior year(s), and the application of the program level by quarter, risk category, or a combination. The total of the limitation on loan levels by program level should equal the total of the application of the program levels.

120.15 What other kinds of information may an apportionment include?

Many kinds of additional information can be integrated into an apportionment request. Here are some examples.

<u>Allocations</u>. The allocations tab (if required by your RMO examiner) includes a list of all transfer allocation (or children) accounts that are expected to receive a non-expenditure transfer of funds from the parent TAFS being apportioned. The <u>allocation accounts are subject to the Antideficiency Act</u>. Unless OMB separately apportions an allocation account after apportioning the parent account, the allocation account must follow all apportioned amounts, footnotes, and other guidance of the parent account (see section <u>120.29</u> for more details).

<u>Cover Letter</u>. OMB's apportionments are often accompanied by cover letters, which can be very brief or detailed depending on many factors. Cover letters are not subject to the Antideficiency Act.

<u>Footnotes</u>. Footnotes appear on one of three tabs: "Previously Approved Footnotes", "Agency Footnotes", and "OMB Footnotes." The OMB footnotes (application of budgetary resources section) are subject to the Antideficiency Act. See section <u>120.34</u> for additional information on footnotes.

<u>Program Reporting Categories</u>. When used, these identify the level of detail that an agency must use in reporting its obligations on SF 133 budget execution reports. These appear on the PgmCat tab in the apportionment request. These are not subject to the Antideficiency Act. See section <u>120.67</u> for additional information program reporting categories.

<u>System-generated reports</u>. When agencies validate requests, the apportionment system sometimes creates reports showing latest SF 133 versus the apportionment request; warrants; and, non-expenditure transfers. These are not subject to the Antideficiency Act.

<u>Additional tabs</u>. Apportionments are almost always prepared, submitted and approved in Excel files. Certain tabs in the Excel file house the apportionment request or footnotes. Others are reserved for other specific kinds of information. Agencies may also use additional tabs as attachments to the apportionment. Tabs in the Excel file are subject to the Antideficiency Act unless clearly stated otherwise in the apportionment (see section 120.36).

<u>Attachments.</u> Attachments may include Word, PDF, or Excel files with a wide range of information that pertains to the apportionment request, but that is not included in the Excel file containing the request. If these attachments are cited in the apportionment, they are subject to the Antideficiency Act. See section 120.36 on how to clearly state that the attachments are not subject to the Antideficiency Act.

PREPARING THE APPORTIONMENT REQUEST

120.16 How can I submit an apportionment request?

The vast majority of apportionments are submitted by agencies and approved by OMB using OMB's secure, web-based apportionment system. When questions or issues arise using the system, please send the Excel file you are working with and a brief description of the issue to "apportionment@omb.eop.gov". Please direct questions of a substantive nature to your OMB representative.

In a limited number of cases necessitated by extenuating circumstances, OMB may approve an apportionment by phone, e-mail, or other non-system methods. Once the extenuating circumstances have passed, agencies and OMB should process these same requests using the apportionment system.

120.17 Is there a standard, set number of lines to show in an apportionment request?

No. While the format of the request is fixed and uses specific columns to hold certain kinds of information, the number of lines used for a given TAFS varies considerably. The apportionment system allows you to pick from more than 125 different budgetary resource lines, but agencies will only want to show amounts on a few of these lines for any given TAFS. For example, a TAFS with only an annual appropriation may just use one budgetary resource line.

The system provides significant flexibility to allow agencies to put in other lines with zero amounts. For instance, an apportionment for a given TAFS might show all discretionary appropriations lines, but no mandatory appropriations lines. Agencies must work closely with their OMB representatives in determining which budgetary resource lines to show with zero amounts.

Exhibit 120A shows all possible line choices that are available in the apportionment system.

120.18 What header information at the top of the apportionment must I complete?

The header must provide the fiscal year for the apportionment and a public law. The public law reference may be descriptive if there are multiple public laws covered by the apportionment or if the annual appropriations act is not enacted. Some examples are:

- Funds provided by Public Law N/A Carryover
- Funds provided by Public Law N/A Multiple

120.19 What do I put in each column of the apportionment request?

Exhibit <u>120A</u> shows all the columns used in an apportionment request. The columns show the TAFS; line number, description, and line split; previous approved, agency request, OMB action amounts and footnotes; and, memo obligations. Each of these is described below.

TAFS. TAFS information appears in columns A through F of apportionment requests. The columns show: Treasury agency; period of availability (FY1 and FY2); and allocation account and sub-account, if applicable. For presentation purposes, these columns are often hidden. You can unhide these columns if necessary. As part of validating requests or sending requests, the system checks that these columns are filled out properly; if they are not, the system provides an error message.

Line numbers. Exhibit 120A shows a complete list of line numbers and descriptions.

Line splits. You must provide line split in the following cases:

- The <u>IterNo</u> (Iteration Number) line shows the number of times OMB has approved (apportioned) an apportionment for a given TAFS in a fiscal year. No action is necessary if you use the Create Template function in the apportionment system as a starting point for preparing your requests. The apportionment system automatically puts in the Iteration Number in the line split column, as well as puts the last approval date in the line stub column.
- The RptCat line indicates whether the TAFS uses Program Reporting Categories. Use "YES" or "NO", as appropriate, for the line split column.
- The AdjAut line indicates whether OMB has approved as a footnote on the apportionment specific types of adjustments to be made without submitting a reapportionment request. Use "YES" or "NO", as appropriate, for the line split column. (See Section 120.50.)

• Line 1000 shows unobligated balances. For unobligated balances in no-year and multi-year TAFSs with both mandatory and discretionary funding, you must use a line split that starts with the letter "D" to show the portion of the balances that are discretionary. To distinguish between estimated and actual balances, use line splits of "E" to show estimated balances or "A" to show actual balances. Use "DE" or "DA" to indicate estimated from actual discretionary balances, respectively (section 120.20).

You may use the line splits to distinguish between two or more amounts that you would otherwise put on a single line. For example, you may use line splits to distinguish between two or more sources of collections, to distinguish between unobligated balances from reimbursable authority versus direct appropriations, or even to distinguish sequestration amounts on an apportionment.

You cannot use line number splits for the Application of Budgetary Resources section.

Previous Approved Amount.

- Leave the column blank for the first request you submit for a given fiscal year. See Exhibits 120C, and 120D, and 120F for examples of an annual (one-year) appropriation, a no-year appropriation, and appropriations provided by a continuing resolution.
- Include amounts from the "OMB Action" column of the previously approved apportionment within the same fiscal year. This includes any adjustments under sections <u>120.49</u> or any other adjustment authority granted to you by OMB in writing (<u>120.50</u>).
- When appropriations are enacted following one or more CRs, include the amounts from the last CR in this column (see section 120.61) unless otherwise required by your RMO.

Previous Approved Footnote Indicator. For reapportionment requests add the indicator, e.g., A1, B1\B2, which indicates that a footnote(s) appears on the previous approved footnote worksheet tab. If your earlier apportionment had footnotes, the worksheet tab will be automatically populated by the apportionment system.

Agency Request. Include the amounts you are requesting in this column.

Agency Footnote Indicator. Include an indicator, e.g., A1, B1, which indicates that a footnote appears on the agency footnote tab. See section <u>120.34</u> for more information on footnotes.

OMB Action. The apportionment system places formulas in the OMB Action column to set it equal to the Agency Request column. OMB will adjust the OMB Action values as necessary when reviewing and approving your request.

OMB Footnote Indicator. Include an indicator, e.g., A1, B1, which indicates that a footnote appears on the approved footnote tab. The footnotes in the OMB Footnote column override all other footnotes.

Memo Obligations. Include memorandum obligations in this column. Also include the date of the obligations using the MM-DD-YYYY format on the RptCat row. The memo obligations support your reapportionment request.

120.20 Do I need to follow special conventions to show the portion of discretionary balances in split accounts (TAFS with both mandatory and discretionary funds)?

Yes. For unobligated balances in no-year and multi-year TAFSs with both mandatory and discretionary funding (split accounts), you must show the discretionary portion of the balances by using a line split that starts with the letter "D". You will do this solely on Line 1000, Unobligated balance, brought forward,

Oct. 1. You must also change the Line Stub to start with the word Discretionary, e.g., Discretionary Unobligated balance, brought forward, Oct. 1. Many agencies use line splits of "E" or "A" to distinguish Estimated from Actual balances, respectively. In these cases, you would use "DE" or "DA" to indicate estimated from actual discretionary balances, respectively.

120.21 Can I use amounts that include decimal points or cents in an apportionment?

No. You must round all amounts to a dollar in apportionment requests. In addition, you may not round amounts to thousands. If you need to round up, the delta between the actual cents and the amount apportioned is not available for obligation and your funds control system must reflect that. Additionally, you must footnote the apportionment to describe the rounding.

120.22 Should I use a specific numeric format in the Excel file that holds my request?

Yes, you must use whole numbers (decimal points are not permitted) or blanks in numeric columns. Numeric columns include the Previous Approved Amount, Agency Request, OMB Action, and Memorandum Obligations columns. Numbers (including zero) must be formatted using the number format with thousands separator (a comma), and with a leading negative sign (-). You cannot use asterisk, special characters, or letters in numeric columns of any apportionment request. Further, you cannot format a number, zero or otherwise, to appear as an asterisk or other special character. There is a single exception. In the memorandum obligations column only, you may use a date format on the RptCat line.

120.23 When are apportionments due at OMB for a new fiscal year?

If	Then, submit your first apportionment request by
Any part of the budgetary resources for a TAFS is not determined by current action of the Congress (such as permanent appropriations, public enterprise and other revolving funds subject to apportionment, reimbursements and other income, and balances of prior year budget authority)	August 21, as required by 31 U.S.C. 1513(b)
All or any part of the budgetary resources for a TAFS are determined by current action of the Congress	August 21, or within 10 calendar days after the enactment of the appropriation or substantive acts providing new budget authority (i.e., authorization bills), whichever is later

After August 21, OMB requires an explanation for any delayed initial apportionment requests in accounts with budgetary resources not dependent on current action of the Congress.

We encourage you to begin preparation of apportionments and related materials as soon as the House and Senate have reached agreement on funding levels. In this way, you can make a timely submission of your request to OMB, and OMB can have adequate time for its review.

120.24 When is the apportionment system open for a new fiscal year?

The apportionment system will open to agencies to start preparing requests on August 1 (or the following business day). Agencies can submit their requests starting August 13.

120.25 Can I combine TAFSs on the apportionment?

No. From time to time, agencies ask whether they can combine the amounts from two or more TAFS, and submit an apportionment for this single "combined" TAFS. Agencies may not do this because the apportionments must tie back to the statutory authority, which explicitly makes distinctions between accounts and defines the period of availability of the funds in the accounts. These are the same pieces of information that distinguish one TAFS from another.

120.26 Should I assemble apportionment requests for multiple TAFSs in a single package or file?

Yes, unless your OMB representative determines otherwise. To the extent practical, submit apportionment requests for each independent agency, departmental bureau, or similar subdivision together.

120.27 Can I cross-check information in the Budgetary Resources section?

Yes. You can cross-check information in certain cases against the President's Budget or the most recent SF 133 Reports. In addition, for general fund TAFSs, you should check that appropriations and warrants by Treasury (if any) are consistent and you can check that actual non-expenditure transfers match transfers processed at Treasury. See https://max.omb.gov/community/x/HAAQAw.

120.28 Who can approve the apportionment request for the agency?

Agencies must use appropriate internal controls in preparing apportionment requests, and specifically ensure that the agency official with authority to review and approve the request has done so. The approving official at the agency is not required to sign the request that is sent to OMB, but may do so if required by the agency's internal controls or if requested by the OMB examining division. OMB's apportionment system does not accommodate electronic signatures of agency officials.

120.29 Who is responsible for preparing the apportionment request for allocation (parent/child) accounts?

Allocation accounts involve both a "parent" appropriation and a "child" recipient of budgetary resources via an allocation non-expenditure transfer. For instance, if an appropriation is enacted to the Funds Appropriated to the President's International Military Education and Training account (11-1081 /X), and a subsequent allocation is made to the Department of the Army (Treasury agency 21), then the allocation non-expenditure transfer from 11-1081 /X to Army would be as follows: 11-1081 /X transfer to 21-11-1081 /X.

Unless OMB determines otherwise, the agency that receives the appropriation to be allocated (the "parent") should submit a single, consolidated apportionment request that encompasses both the parent TAFS and all the allocated recipient "child" agencies and/or bureau TAFS (see Exhibit 120P for an example that uses line splits to distinguish between the parent and children on the apportionment). Additionally, allocation transfers are normally apportioned at the same category level as the parent account (e.g., Category A, B, AB, or C). The agency administering the parent TAFS will indicate to the receiving agency what portion of the consolidated apportionment is transferred to the allocation TAFS.

Allocation account apportionments, however, can be done in different ways. See Exhibit $\underline{120R}$ for an example of a parent-only allocation apportionment and Exhibit $\underline{120Q}$ for an example of a child-only allocation transfer apportionment.

The parent agency must ensure that the recipients are provided the approved apportionment request on a timely basis. Obligations incurred for the program as a whole are limited by the approved apportionment.

Receiving agencies will be responsible for keeping obligations within the amount so specified in the apportionment or to the amount transferred to it from the parent.

If you have an apportionment that includes allocations, your RMO representative may require you to include a worksheet, named Allocations, to show the required information. The name of the worksheet must be Allocations and cannot be changed. (See Exhibit 120S.) You do not need to include an Allocations worksheet if you are not using allocations.

In order for the transfers to crosswalk correctly in the SF 133 and President's Budget, please ensure that both the parent and child use the appropriate USSGL for allocation transfers (http://www.fms.treas.gov/ussgl/index.html).

SUBMITTING APPORTIONMENT REQUESTS

120.30 How do I submit apportionment requests to OMB?

Agencies will typically use OMB's web-based apportionment system to submit their apportionment requests to OMB (see section 120.32 for getting permission in the system to send). In those circumstances when you are unable to use the web-based system, e-mail the Excel file containing your request to your OMB representative. You will almost always be required to send OMB an electronic copy of the apportionment request. In some cases, the OMB representative may request you to provide a hard copy of the signed request.

120.31 What functions will I perform using the apportionment system?

OMB's web-based apportionment system is the primary system agencies will use to prepare, submit, and run reports on their apportionment requests. Staffers with authority to use the system may use the Support\Links tab to find detailed guidance on using the system.

Below is a brief overview of the major functions.

(a) Create template

Use the Create Template screen to get a starting point for your request. If the TAFS you are working with has already been apportioned in the fiscal year for which you are submitting a request, the system will create a properly formatted Excel file with the most recently approved information in the Previous Approved column. If the TAFS has not yet been apportioned or has never been apportioned, you can draw source data from a previous fiscal year and/or a different TAFS to provide a starting point for your request.

(b) Validate

After you have created a template and updated it to reflect the proper information for your request, use the Validate Request screen to do two things: check for any math or formatting errors, and if there are no errors, create a new file that is ready to be submitted to OMB. This file will have several Excel tabs that were not in your original template. It will have the tab called Appor_Req_to_OMB with the primary apportionment information. It will have a tab to hold any footnotes that OMB may wish to include with the apportionment. If any of the TAFSs in your file have warrants, transfers, or SF 133 data (excluding parent or child allocation accounts) for the fiscal year of your requests, the validated file will also have tabs to display these items. You will need to download and save this file wherever you keep your apportionment files.

(c) Send

If your agency administrator has given you the ability to send requests, you can use the Send tab to send files to OMB, or in some cases, to send files to a central office in your agency that will approve requests and send them to OMB.

(d) Run reports

At any time, you can go to the Run Reports tab to find information associated with your apportionment request, including the latest approved amounts, the latest submission and approval dates, etc.

120.32 How do I gain access to the apportionment system?

The apportionment system can be found here: https://max.omb.gov/exercises/apportionment

In order to use the apportionment system to prepare requests and run reports, you must have a MAX User ID and your agency administrator must add you to one or more apportionment groups. Your administrator may also choose to give you the ability to submit requests to OMB.

You can register for a MAX User ID here: https://max.omb.gov/maxportal/registrationForm.action

You can find your agency administrator here:

https://max.omb.gov/maxportal/sa/findAgencyAdminForm.do

120.33 Are there situations when I would not use the apportionment system?

In limited circumstances during a continuing resolution period, OMB will sometimes apportion certain types of budgetary resources, such as spending authority from offsetting collections, using a blanket written letter apportionment. Once appropriations are enacted, agencies must submit requests using the OMB apportionment system. Consult your OMB representative for more information.

FOOTNOTES TO APPORTIONMENTS

120.34 What are apportionment footnotes (and footnote indicators)?

The request tab of an apportionment includes columns for previously approved amounts, agency request, and OMB action. Next to each of these columns, in turn, is a column for a footnote indicator. The use of a footnote indicator on the request tab, e.g., A1, B1, indicates that one or more footnotes are associated with that line.

Footnotes appear as textual descriptions on specific tabs in the apportionment file, and typically provide additional information or direction associated with one or more lines on the request. A request includes separate footnote tabs associated with amounts in the previously approved request column, agency requests column, and OMB Action column. Footnotes are divided into two basic groups: footnotes for apportioned amounts, and footnotes for budgetary resources.

<u>Footnotes for Apportioned Amounts (Application of Budgetary Resources section)</u>. Each footnote indicator in this section begins with the letter A. These footnotes are associated with one or more lines in the Application of Budgetary Resources section (the bottom section of the apportionment, OMB action column) and are subject to the Antideficiency Act. For example, a footnote may apportion funds for a project only after the agency submits a financial plan for that project.

<u>Footnotes for Budgetary Resources (Budgetary Resources section)</u>. Each footnote indicator in this section begins with the letter B. These footnotes are typically informational and are associated with one or more lines in the Budgetary Resources section (the top section of the apportionment). For example, a footnote may identify the source of offsetting collections or explain the basis for amounts on a recovery line.

<u>Indicators for footnotes</u>. Footnotes are designated (indicated) through a letter/number combination. Each footnote indicator starts with a letter A or B (A for apportioned amounts; B for budgetary resource), which is followed by a one- or two-digit number: e.g., B1. If a single line has more than one footnote, separate the indicators with commas: A1, A2, A3.

You can find more detailed implementation guidance in OMB's secure, web-based apportionment system under the "Open Support \ Links" tab in navigation menu.

120.35 Do footnotes starting with the letter A correspond to Category A apportioned amounts while those starting with the letter B relate to Category B apportioned amounts?

No. Footnote indicators associated with lines in the Budgetary Resources section start with the letter B. Footnote indicators associated with lines in the Application of Budgetary Resources section start with the letter A (irrespective of whether apportioned amounts are Category A, B, AB, or C).

120.36 Will footnotes and attachments become part of the apportionment?

Yes. Unless otherwise specified on the apportionment, the apportionment approved by an OMB official and all attachments transmitted to the agency that are cited in the apportionment become part of the apportionment and are subject to the Antideficiency Act. Any cover letter is not part of the apportionment.

Apportionments must clearly state if any tabs or cited attachments are not subject to the Antideficiency Act. An example of a statement to use in the apportionment is as follows: "This attachment is not subject to 31 U.S.C. 1517".

120.37 What footnotes are required for agencies to include in their apportionment requests?

There is no universal requirement to include footnotes in an apportionment request. Many apportionments are approved without footnotes. Here are examples of cases where you use footnotes:

- If you submit an apportionment request and OMB included footnotes in the OMB Footnotes tab of the last approved apportionment, the previously approved footnote indicators must appear in the Prev Footnote column and the text must appear in the Previously Approved Footnotes tab.
- If a particular TAFS has a standard footnote year after year, retain it in your request unless you have consulted with OMB.
- Include any footnotes your OMB examining division has specifically directed you to include.
- Unless OMB determines otherwise, when amounts are automatically apportioned (as specified in sections 120.49, 120.50 (if applicable) or section 185.20) and there is a subsequent need for reapportionment, show automatically apportioned amounts in the previously approved column. Include a footnote noting where changes have been previously made as automatic apportionments.

120.38 What footnotes are recommended for agencies to include in their apportionment requests?

Agencies may footnote each apportionment for annual and/or multi-year TAFS only (not necessary for no-year TAFS) if you believe that the current TAFS will be needed to liquidate canceled appropriations. In those cases, use the following footnote:

"Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of the total appropriations for this account is apportioned for the purpose of paying legitimate obligations related to canceled appropriations."

APPROVING APPORTIONMENT REQUESTS

120.39 How will OMB indicate its approval of an apportionment?

When OMB approves an apportionment through the apportionment system, you will receive an e-mail with the approved Excel file attached. The e-mail will be from 'FN-OMB-Apportionment', and the subject line will include the words 'Approved Apportionment'.

- The Excel file will include a tab called 'Approval Info', which shows the name, title, and digital signature imprint of the OMB official who approved the apportionment, as well as other pertinent information.
 - o The official who approves the apportionment may affix her or his electronic signature to the request; or
 - O The official approving a request may sign a paper copy in ink and instruct a staffer to put a digitized picture of the official's signature (along with a note saying which staffer affixed the signature) on the apportionment.

In some cases, the 'Approval Info' tab may not be present. In those cases, OMB will e-mail or fax or hard copy of the apportionment that displays the signature of the approving OMB official.

The Excel file is locked, and should be opened in read-only mode. OMB maintains a copy of the approved apportionment in its secure, web-based system. OMB also maintains the signed-in-ink apportionment in those cases when a designated staffer affixes an official's digitized signature to the apportionment. As OMB continues to transition from using ink signatures to using digital authoritative marks, you may receive apportionments that have been approved using either method.

OMB may also choose to indicate its approval of an apportionment in other ways, including by letter, telephone, hard copy, or other method that is appropriate to the particular circumstance.

120.40 When can I expect OMB to approve my first apportionment request for the fiscal year?

If a TAFS has any budgetary resources that are not determined by current actions of the Congress (e.g., permanent appropriations, carryover of unobligated balances, anticipated collections), OMB will notify you of the action taken on your first apportionment request for the fiscal year by September 10, as required by law (for requests submitted by the August 21 deadline specified by law). For TAFSs that have budgetary resources solely as a result of current action by the Congress (e.g., TAFSs where the only budgetary resource is a discretionary appropriation), OMB will notify you of the action taken on your request by September 10 for requests submitted by August 21 or within 30 calendar days after the approval of the act providing new budget authority, whichever is later.

120.41 In the case of newly enacted full-year appropriations, am I under an automatic apportionment until OMB approves my first apportionment request?

• Yes. Under this section, newly enacted full-year appropriations are automatically apportioned the pro-rata share (1/365th for each day) of the current year's enacted appropriation level (1/366th for a leap-year).

Agencies are automatically apportioned 30 days of funds calculated using the above rate pending OMB's approval of the agency's first apportionment request (see section 120.23). The 30 days begin on the date of enactment of a full-year appropriation. If OMB has not approved a request on the 30th day after enactment, agencies are automatically apportioned another 30 days of funds using the above rate (and so on). Once a written apportionment is approved by OMB, the automatic apportionment ceases to remain in effect.

If an agency has not yet submitted its initial apportionment request to OMB within the first 30-day automatic apportionment period, the agency must provide an explanation of the delay to its OMB representative.

Under this automatic apportionment, all of the footnotes and conditions placed on prior year apportionments remain in effect. Unless OMB determines otherwise, agencies may not initiate new starts (e.g., programs, projects, grants) using this automatic authority. This guidance applies strictly to all budgetary resources provided by annual, full-year appropriations bills, and not other budgetary resources.

Additionally, pursuant to sections <u>120.7</u> and <u>120.57</u>, carryover amounts are automatically apportioned at zero until a written apportionment is issued for such amounts

OMB may apportion differently for accounts that received OMB-approved exception apportionments under a short-term continuing resolution (CR). See OMB bulletin on the apportionment of the short-term CR and consult your OMB representative if your account received an exception apportionment under the CR for further guidance.

Automatic apportionment does not apply to any budgetary resource provided by authorizing legislation or by reauthorizations that affect appropriated resources, such as the farm bill or surface transportation reauthorizations.

AFTER YOU HAVE RECEIVED YOUR APPROVED APPORTIONMENT

120.42 How should I execute the apportionment?

You must execute your programs as apportioned and in accordance with all applicable laws. The authorization and / or appropriation language describes the purpose of the program(s) the TAFS will carry out, and may include guidance for you to follow in executing these programs.

Your apportionment dictates how you must execute programs and control funds. You may only obligate funds within:

- budgetary resources apportioned and realized;
- amounts apportioned by fiscal quarter (Category A);
- amounts apportioned by program, project, or activity (Category B);
- amounts apportioned by fiscal quarters and programs, projects, or activities (Category AB); and
- guidance provided in OMB approved footnotes.

120.43 What if I think that I may have obligated more than the amounts apportioned?

You may have violated the Antideficiency Act (31 U.S.C. 1517(a)(1), (31 U.S.C. 1341). See section 145.

120.44 Must I control funds below the apportionment level?

Yes. Your agency's fund control regulations, as approved by OMB, dictate how you must control funds. See section 150.

120.45 How should I allot once I receive an apportionment?

The agency system of administrative control of funds must be designed to keep obligations and expenditures from exceeding apportionments and allotments or from exceeding budgetary resources available for obligation, whichever is smaller, so as to avoid Antideficiency Act violations. See section 150.

120.46 How do I treat anticipated budgetary resources that are apportioned in the current fiscal year but not yet realized, and do I need to be reapportion them once realized?

Even when anticipated budgetary resources have been apportioned in the current fiscal year, you may not obligate against these resources before the resources have been realized (and, thus, you may not obligate against the resources in an amount that exceeds the amount that has been realized). For example, if OMB has apportioned anticipated budget authority from the agency's collection of user fees, you may not obligate against those user fees until you have collected them (and, thus, you may not incur obligations that exceed the amounts that have been collected).

Apportioned anticipated budgetary resources, once realized, do not need to be reapportioned unless the amount realized exceeds the conditions on the total amount apportioned (see section 120.49).

120.47 What is the relationship between the apportionment and the Funds Control System?

The agency's system of administrative control of funds (see section 150 and Appendix H) should be designed to keep obligations from exceeding apportioned amounts, allotments, suballotments, and other administrative subdivisions of funds. This funds-control system also should be designed to keep obligations from exceeding budgetary resources that have been realized, and should be able to track obligations by program reporting categories used in the apportionment.

The funds-control system must track obligations to make sure obligated levels do not exceed:

- budgetary resources apportioned; amounts provided by fiscal quarter in Category A;
- amounts provided by program in Category B;
- amounts provided by program in Category AB; and
- other restrictions placed in OMB approved footnotes.

If the funds-control system cannot provide this control, the agency must develop other methods to perform this function, e.g., developing monitoring reports.

Since footnotes are not often implemented in an agency's financial system, the agency's budget, finance, and procurement staff need to be aware of and understand the directions and restrictions provided in footnotes.

Your agency's accounting system must fully support the fund-control system (see Appendix H).

CHANGES TO PREVIOUSLY APPROVED APPORTIONMENTS FOR THE CURRENT FISCAL YEAR

120.48 What types of situations could require me to request a new apportionment?

Submit a reapportionment request to OMB when:

- Your budgetary resources have increased since your previous apportionment for the fiscal year (Examples: actual reimbursements differ significantly from estimates, newly enacted legislation provides more resources);
- You want to obligate against the increased resources in the same fiscal year;
- The increase is not covered by the exceptions in sections <u>120.49</u> or <u>120.50</u> (if applicable); or
- Programmatic changes result in a need for an adjustment in the apportionment.

In order to allow time for action by OMB, submit such requests well in advance of the time that the revised amounts, to be apportioned, are needed for obligation (an apportionment for a specific time period, such as for a specific quarter of the current fiscal year, may not be changed after the end of that period).

When emergencies, such as those involving the safety of human life or the protection of property, require immediate action, you may request, and OMB may approve, a reapportionment by telephone, e-mail or fax. As soon thereafter as it is practical, submit apportionment requests reflecting such action.

For credit program and financing TAFSs, submit an apportionment request for subsidy reestimates at the beginning of each fiscal year (starting with the fiscal year following the year in which a disbursement is made) as long as the loans are outstanding (see sections 185.17 and 185.18). Also submit an apportionment request for subsidy modifications when the modification is approved by OMB (see section 185.21). Credit program and financing TAFSs are also subject to the standard reapportionment requirements described above (see sections 185.14 through 185.21 for further guidance on apportioning credit accounts).

Submit an apportionment request within 10 calendar days after approval of an appropriation or substantive act providing budget authority, where such authority is enacted after the first apportionment for the year has been made (except as specified in section 120.49). We encourage you to begin preparation of apportionments and related materials as soon as the House and Senate have reached agreement on funding levels.

In some cases, you will need to submit your first apportionment request before the unobligated balance brought forward has been precisely determined. If the unobligated balance brought forward, as shown on the latest approved apportionment schedule, is larger than the unobligated balance at the end of the preceding year, as reported on the final SF 133 for that year, and the difference is larger than the amount specified in section 120.49, OMB must approve the apportionment request before you can obligate the additional funds.

120.49 What adjustments can I make without submitting a reapportionment request?

After the first apportionment for the fiscal year, downward adjustments of any amount to budgetary resources (including anticipated amounts) do not need to be reapportioned, unless specifically required by OMB or, at the agency's discretion, for funds control purposes. Apportioned anticipated budgetary resources, once realized, do not need to be reapportioned unless the amount realized exceeds the conditions on the total amount apportioned, as noted below.

After the first apportionment for the fiscal year, unless OMB determines otherwise, you may adjust apportioned amounts upwards without submitting a reapportionment request by up to \$400,000 or two percent of the amount of total budgetary resources, whichever is lower, to reflect:

- Upward adjustments in the amount of unobligated balances brought forward;
- Increases in amounts of budget authority transfers or balance transfers; or
- Increases in amounts of actual budgetary resources that are realized above anticipated amounts.

You may only adjust apportioned amounts when OMB apportions either a single program, project, or activity (Category B) or, if the total amount is apportioned, by quarter (Category A or Category AB). When amounts are apportioned by quarter, you must adjust the apportioned amounts in the quarter that is current when you record the resource. For example, if anticipated collections were apportioned in the third quarter but the increased amount above the anticipated collections (still within the lower of \$400,000 or two percent) were not realized until the fourth quarter; record the resource in the fourth quarter, not the third.

In credit financing TAFSs, additional amounts for the payment of interest to Treasury are automatically apportioned (section 185.19).

You cannot make any adjustments under this section when OMB apportions funds for two or more categories on the same apportionment, such as Category A and Category B, or Category A and Category AB, or two or more Category Bs, etc. In these types of apportioned TAFS, you must submit a reapportionment request to OMB or otherwise have prior OMB approval (e.g., through a footnote) to adjust apportioned amounts upward.

120.50 What other types of adjustments can I request OMB to allow me to make without submitting a new apportionment request?

You may make other specific types of adjustments to apportionments without submitting a reapportionment request if specified in a footnote on the most recently approved apportionment or otherwise approved in writing by OMB. For example, OMB may include on an approved apportionment a footnote (with a corresponding YES in the Line Split column of the Adjustment Authority Provided row) which states that, to the extent provided in law, actual earned reimbursements are automatically apportioned without further OMB action.

In order to facilitate OMB approval of your apportionment request, your apportionment request must indicate that you have previously received, or are requesting, OMB approval to use this authority.

120.51 What is the status of previously approved apportionments when a new apportionment is approved in the same fiscal year?

Each new apportionment in a fiscal year supersedes previous apportionment action taken earlier that year.

APPORTIONMENTS BY TIME PERIOD

120.52 Will OMB apportion funds into future fiscal years?

Yes. OMB will sometimes apportion multi-year/no-year funds into future fiscal years (OMB cannot apportion one-year funds into a future fiscal year).

The Congress appropriates funds on a multi-year and no-year basis with the expectation that the funds will be obligated over more than one fiscal year. OMB will apportion these TAFSs beyond the current fiscal year where financial requirements are known in advance and it makes programmatic sense to do so.

When you plan to obligate amounts appropriated in a no-year or multi-year TAFS over more than one fiscal year, make sure that the apportionment request shows the full amount appropriated and available for obligation in the current fiscal year. The request must also include planned obligations for the current year and amounts planned for obligation in future fiscal years.

Note: apportionments last no longer than one fiscal year. Funds must be apportioned at the beginning of each fiscal year in accordance with sections $\underline{120.7}$ and $\underline{120.57}$.

120.53 How do I present deferrals or proposed rescissions on my request?

If your request contains a proposed rescission or deferral, you must use lines 6180 Withheld pending rescission or 6181 Deferred. In addition, you must submit a rescission or deferral report that outlines the reasons for and the effects of the proposed action. (See section 112 for further information on amounts not apportioned and preparing rescission/deferral reports.) Do not use these lines on your apportionment without first consulting with your OMB representative.

120.54 Can my request include amounts exempt from apportionment?

Yes. If some budgetary resources in your TAFS are subject to apportionment but other resources are exempt, you must show the exempt resources on line 6183 Exempt from apportionment.

120.55 Can OMB apportion a past period?

No. Apportionments are <u>never</u> subject to change <u>after</u> the period for which the apportionment is made (e.g., a prior fiscal year or a past quarter time period in the current fiscal year).

For instance, if your first quarter apportioned amount was overestimated but in a subsequent quarter the realized actuals were much lower than the estimated amount, you would do the following on the reapportionment:

- First quarter apportioned amount remains as previously apportioned;
- Current quarter (i.e., second, third or fourth) reflect a negative amount so as to net to the correct total amount that needs to be reapportioned.

See Exhibit 120K for an example.

120.56 Do unobligated resources apportioned in earlier time periods of the same fiscal year remain available?

Yes but this only applies to full-year enacted appropriations, and not to amounts available under a short-term continuing resolution. When budgetary resources are apportioned for time periods of less than a fiscal year (for example, fiscal quarters), any apportioned amounts that have not been obligated at the end of any period will remain available for obligation through the remainder of the current fiscal year without being reapportioned, unless otherwise specified on the apportionment.

120.57 Must I request that funds apportioned in one fiscal year be apportioned in the next fiscal year if the funds were not obligated and remain available?

Yes. When budgetary resources remain available (unexpired) beyond the end of a fiscal year, you must submit a new apportionment request for the upcoming fiscal year. You cannot incur obligations in any

year absent an approved apportionment for that year. For instance, if OMB apportioned \$1 million for a no-year TAFS in FY 2012 and you obligated no funds, you must still submit an FY 2013 request and receive OMB approval of that request before incurring obligations in FY 2013. Until you receive a written apportionment from OMB, the amount of carryover apportioned is zero dollars. In addition, apportioned anticipated or estimated resources are not available for obligation until the resources are realized.

120.58 What is the status of approved apportionments from a previous fiscal year on apportionments in the current fiscal year?

New apportionment action for a fiscal year is independent of all apportionment actions of the previous year, including the apportionment of amounts under Category C in the previous fiscal year.

120.59 How does the last approved apportionment govern the actions a TAFS takes when the TAFS enters the expired phase?

Every annual and multi-year TAFS, as well as some no-year TAFSs, has a finite period of time to incur an obligation; this is called the unexpired phase. OMB only apportions TAFSs when they are in the unexpired phase.

When shifting to the expired phase, a TAFS can only make adjustments to obligations made in the unexpired phase. Activity in the expired phase of a TAFS is governed by the last approved apportionment.

APPORTIONMENTS AFFECTED BY THE CONTINUING RESOLUTION (CR)

120.60 During a CR, what happens to TAFS that were apportioned before the start of a fiscal year (e.g., no-year TAFS)?

When budgetary resources (e.g., unobligated balances, spending authority from offsetting collections, anticipated transfers, etc.) are apportioned prior to the start of a fiscal year, those apportionments remain in effect even if a CR is enacted, unless otherwise directed by OMB.

However, you must submit a new apportionment request to OMB if:

- The CR changes the funding level or alters the program mix that OMB apportioned (e.g., the Congress rescinds unobligated balances during the CR period or zero-funds a program that OMB previously apportioned); or
- Changes occur that affect the budgetary resources apportioned as described in sections <u>120.48</u> through <u>120.50</u> (e.g., actual reimbursements differ significantly from estimates).

The automatic apportionment approved by OMB after enactment of a short-term CR covers only the budgetary resources provided by the short-term CR. Some TAFS may receive funds provided by the CR in addition to budgetary resources provided by other acts. These TAFS receive both the automatic apportionment for the CR funds and any budgetary resources apportioned before the start of the fiscal year (e.g., unobligated balance carried forward).

120.61 After a CR has been replaced by a full-year enacted appropriation, what do I show in the Previous Approved column?

Unless otherwise requested by your RMO, in the Previous Approved column show all budgetary resources and apportioned amounts since the start of the fiscal year through the last day of the CR,

including the amounts automatically apportioned pursuant to section 120.41. For example, amounts on line 1100, discretionary appropriations, should show the short-term CR's calculated rate for operations. Additionally, a footnote on line 1134, Appropriations precluded from obligation, should state the following: "Amount on line 1134 has been adjusted pursuant to OMB Bulletin XX-XX and A-11 section 120.41." (see exhibit 120H). For instance, if budgetary resources such as unobligated balances were apportioned by OMB and the TAFS also received automatically apportioned CR funds via OMB bulletin(s) and section 120.41, you must show both types of budgetary resources on your apportionment request.

120.62 After a short-term CR has been replaced by a full-year enacted appropriation, what do I show in the agency request column?

In the agency request column show all budgetary resources and application of budgetary resources for the entire fiscal year, beginning from the start of the fiscal year.

WHAT OTHER IMPORTANT THINGS DO I NEED TO KNOW ABOUT APPORTIONMENTS?

120.63 What types of resources are apportioned by OMB?

The following resources are apportioned by OMB:

- Budgetary resources.
- Non-budgetary resources (such as foreign currency, quotas, etc.).
- Non-financial resources (such as personnel and motor vehicles).
- OMB may apportion an agency's other authority (pursuant to statutory authority) in whatever form it may take.

120.64 Are all apportionments based on authority to incur obligations?

OMB usually apportions the budgetary resources of a TAFS with respect to the authority to incur new obligations.

However, OMB may apportion budgetary resources on a pre-obligation basis, such as "commitments," which, if used, are made before obligations are incurred. If OMB apportions on a basis other than obligations, you should continue to include your usual obligations in the GTAS system, but in addition, you must report a GTAS footnote regarding the status of the non-obligation apportioned items, i.e., footnote the amount of "commitments" incurred against the amount shown on the apportionment.

120.65 How do I treat extensions of the availability of unobligated balances in an apportionment?

Reappropriations (see section 20.4(h)) are recorded on lines 1105 Discretionary Reappropriation or 1204 Mandatory Reappropriation. For example, an apportionment for FY 2013 should reflect an estimate of the amount to be reappropriated from the estimated expiring FY 2012 balances. A reapportionment may be required after the actual amount of the expiring balances is known. You may wish to reflect these amounts on either lines 1134 Discretionary appropriations precluded from obligation or 1235 Mandatory appropriations precluded from obligation, until an appropriate time after the required reprogramming notice has been transmitted to the Congress.

Balance transfer amounts from expired to unexpired funds, are reflected on line 1012 Unobligated balance transfers between expired and unexpired accounts.

HANDLING DEFICIENCIES IN APPORTIONMENTS

120.66 When do I submit requests anticipating the need for the Congress to enact supplemental budget authority?

Submit requests anticipating the need for the Congress to enact supplemental budget authority only under exceptional circumstances as authorized by law. The Antideficiency Act (31 U.S.C. 1515) permits apportionments to be made on such a deficient-rate basis that indicates the need for the Congress to enact supplemental budget authority only when:

- Laws enacted after submission to the Congress of the estimates for an appropriation that requires an expenditure beyond administrative control.
- Emergencies arise involving:
 - (1) the safety of human life,
 - (2) the protection of property, or
 - (3) the immediate welfare of individuals in cases where an appropriation that would allow the United States to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.

When you submit a requested apportionment that indicates a necessity for the enactment of supplemental appropriations, include the following notation on the apportionment request:

"This apportionment request indicates a necessity for a supplemental appropriation now estimated at \$\times\text{"}

Submit the apportionment request to OMB along with your agency head's determination of the reasons for a deficiency apportionment, as required by law (31 U.S.C. 1515). The statement of necessity will read as follows:

"I hereby determine that it is necessary to request apportionment of the appropriation '(appropriation title)' on a basis that indicates the necessity for a supplemental estimate of appropriations, because [cite one of the allowable reasons mentioned above]."

Usually, you will reflect the need for a supplemental appropriation in quarterly apportionments by making the request for the fourth quarter less than the amount that will be required. For apportionments by activities, verify that the amount requested for each activity provides for continuing that activity until the supplemental appropriation is expected to be enacted and become available. OMB approval of requests for a deficiency apportionment allows the agency to operate at a deficient rate of operations, but does *not* authorize the agency to exceed the total amount of the existing appropriation and of the resources that OMB has apportioned within a TAFS.

Fully justify the amount of any anticipated supplemental appropriation. Action on the apportionment request does not commit OMB to the amount of the supplemental appropriation that will be recommended subsequently to the President or transmitted to the Congress.

PROGRAM REPORTING CATEGORIES

120.67 What is the purpose of program reporting categories?

Program reporting categories show how agencies will report obligations on their SF 133 Reports on Budget Execution and Budgetary Resources (see section 130). Absent program reporting categories, agencies report obligations on their SF 133 reports in accordance with their approved apportionments.

For instance, if OMB uses a single Category B project on the apportionment and does not use program reporting categories, the SF 133 report will show obligations on a single line.

You should use program reporting categories when you want obligations reported at a more detailed and programmatically meaningful manner than the apportioned lines would otherwise result in. If program reporting categories were used in the case above, the SF 133 report would show obligations on two or (most likely) more lines. For instance, if a Department of the Interior account had a single Category B project but program categories for maintaining land resources and protecting endangered species, the SF 133 report would distinguish obligations by these categories. While program reporting categories result in more detailed reporting on obligations, they do not control what the agency can obligate for these categories.

Most TAFSs do not use program reporting categories.

120.68 Do my estimates of program reporting category obligations limit the amount I can obligate?

No. Program reporting categories are not used to apportion funds, and are not subject to the Antideficiency Act.

120.69 What do OMB and the agency need to do to start using program reporting categories?

OMB and agencies work together to determine what program reporting categories agencies will report upon. Program reporting categories should be based on elements that agencies track in their financial systems. In some cases, you may choose to report upon the same programs that appear in the Program and Financing Schedule of the President's Budget.

Program reporting categories must be identified well in advance of the beginning of a fiscal year, and in advance of the time that agencies produce their first apportionment requests for the year. The reason is that agencies need time to place entries in their financial systems to allow them to track these program categories throughout the year. Agencies may need considerable time (many months) to add new categories to their financial systems. One reason is that large numbers of staff including timekeepers, procurement staff, administrative officers, and others need to document the new program reporting categories, and train program office staff on how to use the new categories. In addition, agencies may need time to update their systems to extract the data.

120.70 How do I fill in the program reporting category tab?

The apportionment user's guide that appears on the support\links tab of the apportionment system describes how to fill in the program reporting category tab. The URL for the apportionment system is:

https://max.omb.gov/apportionment

120.71 Why does OMB send the names of program reporting categories and Category B projects to Treasury for use in GTAS?

OMB sends program reporting categories from approved apportionments to the Treasury Department's Financial Management Service (FMS), which operates the GTAS system that agencies use to report their SF 133 budget execution information. When reporting their obligations, GTAS provides agencies with the list of program reporting categories to report upon; these are the same program reporting categories that OMB provides from the apportionment attachments.

For those TAFSs that use Category B projects but do not use program reporting categories, OMB sends FMS the list of Category B projects for use in GTAS reporting.

OMB sends this information to FMS so OMB can use automated tools to align program reporting categories and Category B projects on the apportionments to the budget execution reports.

120.72 Can agencies add new program reporting categories or Category B projects when reporting their GTAS data?

Yes, but only when it makes sense to do so. Here are some examples.

First, if you are aware that OMB has apportioned funds using Category B projects that are not presented in GTAS, then you must add the missing Category B projects names, and report your obligations for those projects.

Second, if you are aware that OMB has used program reporting categories that are not presented in GTAS, then you should add the missing program reporting category names, and report the obligations for those program reporting categories.

Apportionment Line Numbers

	Apportionment Line Numbers													
							FY 20xx Apportionment					_		
^		T	<u> </u>	I ta I		ı	Funds provided by Public Law XXX-XXX		idin	e header the g the budget		if		
Treasury Agency	FY1 FY2	Treasury Accoun	Alloc Account	Alloc Sub-Accoun	Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnor	OMB Action	OMB Foomote	Memo Obligations
The	appo	rtionme	nt sy	stem l	hides colum rough "Allo	ns			<u> </u>					
eac ado upo	h row l rows late the	contain or chan	s the ge the imns.	ou va prope e TAF Ther	r TAFS. If S, you mus refore, all	you	Department of Government Bureau: Office of the Secretary Account: Salaries and Expenses (003-05-0100) TAFS: 80-0100 /X	nis must mat w. Further r rexhibit her	tch T note eafte	TAFS that er				
					IterNo RptCat	1 NO	Last Approved Apportionment: N/A, First Request of year Reporting Categories							
		-		Ш	AdjAut		Adjustment Authority provided							
	-	+		Н			BUDGETARY RESOURCES Unobligated balance:		H			-	H	
80	Х	0100)		1000		Unobligated balance brought forward, Oct 1 [line split = E for estimate] [line split = A for actual balance] Nonexpenditure transfers:							
80	Х				1010		Unobligated balance transferred to other accounts (-)							
80 80		0100			1011		Unobligated balance transferred from other accounts		1					
80		0100		$ \ $	1012 1013		Unobligated balance transfers between expired and unexpired accounts (+ or -) Unobligated balance of contract authority transferred to or from other accounts		1					
							Adjustments:	x -9(**)	1					
80		0100			1020		Adjustment of unobligated balance brought forward, Oct 1 (+ or -)							
80 80	X				1021 1022		Recoveries of prior year unpaid obligations Capital transfer of unobligated balances to general fund (-)							
80		0100			1022		Unobligated balances applied to repay debt (-)							
80		0100			1024		Unobligated balance of borrowing authority withdrawn (-)							
80	Х				1025		Unobligated balance of contract authority withdrawn (-)							
80 80	X	0100 0100			1026 1027		Adjustment for change in allocation of trust fund limitation or foreign exchange Adjustment in unobligated balances for change in investments of zero coupon b			and non r	avolv	ina truc	t firm	de)
80		0100			1027		Adjustment in unobligated balances for change in investments of zero coupon b				l		l Iuii	us)
80	X				1029		Other balances withdrawn to Treasury (-)	(Ï]				
80	Х				1030		Other balances withdrawn to special or trust funds (-)							
80 80		0100			1031		Other balances not available (-)	. C 1-) (
80	X	1			1032 1033		Refunds and recoveries temporarily precluded from obligation (special and trust Recoveries of prior year paid obligations	t iunas) (-	1					
80	Х	0100)		1035		Unobligated balance precluded from obligation (limitation on obligations) (-) Anticipated transfers and adjustments:							
80 80	X				1040 1041		Anticipated nonexpenditure transfers of unobligated balances (net) (+ or -)							
80		0100			1041		Anticipated recoveries of prior year unpaid and paid obligations Anticipated capital transfers and redemption of debt (unobligated balances) (-)							
							Budget authority: Appropriations:							
		.					Discretionary:		1					
80 80		0100			1100 1101		Appropriation Appropriation (special or trust fund)		1					
80		0100		H	1101		Appropriation (special or trust fund) Appropriation (previously unavailable)		l					
80	Х	0100)		1103		Appropriation available from subsequent year		l					
80		0100			1104		Appropriation available in prior year (-)							
80		0100	,		1105		Reappropriation Nonexpenditure transfers:		l					
80 80		0100			1120 1121		Appropriations transferred to other accounts (-) Appropriations transferred from other accounts							
							Adjustments:		1					
80		0100			1130		Appropriations permanently reduced (-)		1					
80 80		0100		$ \ $	1131 1132		Unobligated balance of appropriations permanently reduced (-) Appropriations temporarily reduced (-)		1					
80		0100		H	1133		Unobligated balance of appropriations temporarily reduced (-)		l					
80		0100			1134		Appropriations precluded from obligation (-)		1					
80 80		0100			1135 1136		Appropriations applied to repay debt (-)	m ()	1					
80		C 0100		H	1136		Appropriations reduced by offsetting collections (collected) or offsetting receipt Appropriations applied to liquidate contract authority (-)	s (-)	l					
80		0100			1138		Appropriations applied to inquidate contract authority () Appropriations applied to liquidate contract authority withdrawn (-)		l					
80		0100			1139		Appropriations substituted for borrowing authority (-)		1					
00	,	, ,,,,,			1150		Anticipated appropriations:		l					
80 80		0100			1150 1151		Anticipated appropriation (+ or -) Anticipated nonexpenditure transfers of appropriations (net) (+ or -)		1					
80		0100			1151		Anticipated capital transfers and redemption of debt (appropriations) (-)		1					
80		0100			1153		Anticipated reductions to appropriations by offsetting collections or offsetting re	eceipts (-)	l					

Apportionment Line Numbers, cont.

								Apportionment Eme Numbers, cont.							
*			=		nt							e			
Treasury Agency			Treasury Account	tin	Alloc Sub-Account					ote		Footnote		note	
A.	7	FY2	Αc	Alloc Account	-Ac	Line No	Line	Downson / A comment Title / Cost D. Costs / Line Costs	Previous	Prev Footnote	Agency	Foor	OMB	OMB Footnote	Memo
sury	FY1	Ξ	E C	ν ος 	Sub	Line No	Split	Bureau/ Account Title / Cat B Stub / Line Split	Approved	v Fe	Request	cy]	Action	ВЕ	Obligations
Lea			reas	Alk	lloc					Pre		Agency		OM	
-			Н		Α							1			
								BUDGETARY RESOURCES							
								Advance appropriations:							
80		x	0100			1170		Advance appropriation							
80			0100			1171		Advance appropriation (special or trust fund)							
80		1	0100			11/1									
0.0								Nonexpenditure transfers:							
80			0100			1172		Advance appropriations transferred to other accounts (-)							
80		X	0100			1173		Advance appropriations transferred from other accounts							
		L				L		Adjustments:							
80			0100			1174		Advance appropriations permanently reduced (-)							
80		Χ	0100			1175		Advance appropriations temporarily reduced (-)							
								Anticipated advance appropriations:							
80		Х	0100			1176		Anticipated nonexpenditure transfers of advance appropriations (net) (+ or -)							
								Mandatory:							
80		x	0100			1200		Appropriation							
80			0100			1201		Appropriation (special or trust fund)							
80			0100			1203									
80								Appropriation (previously unavailable)							
80		^	0100			1204		Reappropriation		l				l l	
00		Ψ,	0100			1000		Nonexpenditure transfers:		l					
80			0100			1220		Appropriations transferred to other accounts (-)		l					
80		X	0100			1221		Appropriations transferred from other accounts		l					
								Adjustments:	1	l					
80			0100			1230		Appropriations and/or unobligated balance of appropriations permanently reduc		l					
80			0100			1232		Appropriations and/or unobligated balance of appropriations temporarily reduce	d (-)	l					
80		X	0100			1234		Appropriations precluded from obligation (-)		l				l l	
80		X	0100			1235		Capital transfer of appropriations to general fund (-)							
80			0100			1236		Appropriations applied to repay debt (-)							
80			0100			1238		Appropriations applied to liquidate contract authority (-)							
80			0100			1239		Appropriations substituted for borrowing authority (-)							
00			0100			1237		Anticipated appropriations:							
80		v	0100			1250									
80			0100					Anticipated appropriation (+ or -)							
						1251		Anticipated nonexpenditure transfers of appropriations (net) (+ or -)							
80		Х	0100			1252		Anticipated capital transfers and redemption of debt (appropriations) (-)							
								Advance appropriations:							
80			0100			1270		Advance appropriation							
80		X	0100			1271		Advance appropriation (special and trust fund)							
								Nonexpenditure transfers:							
80		Χ	0100			1272		Advance appropriations transferred to other accounts (-)							
80		X	0100			1273		Advance appropriations transferred from other accounts							
								Adjustments:							
80		X	0100			1274		Advance appropriations permanently reduced (-)							
80			0100			1275		Advance appropriations temporarily reduced (-)							
00			0100			12/3		Anticipated advance appropriations:							
80		v	0100			1276		Anticipated nonexpenditure transfers of advance appropriations (net) (+ or -)							
80		Л	0100			12/0									
								Borrowing authority:							
			0100			1200		Discretionary:		l					
80		X	0100			1300		Borrowing authority		l				l l	
								Anticipated recoveries of prior year unpaid and paid obligations		l					
80		X	0100			1320		Borrowing authority permanently reduced (-)		l				l l	
								Anticipated borrowing authority:		l					
80		X	0100			1330		Anticipated reductions to current fiscal year borrowing authority (-)		l					
										l					
		-				ĺ		Mandatory:		l				l l	
80		X	0100			1400		Borrowing authority		l					
		-				1		Adjustments:		l				l l	
80		\mathbf{x}	0100			1420		Borrowing authority permanently reduced (-)		l					
80			0100			1421		Borrowing authority temporarily reduced (-)		l					
80			0100			1422		Borrowing authority applied to repay debt (-)		l					
80			0100			1422		Borrowing authority precluded from obligation (limitation on obligations) (-)		l					
30			5100			1723		Anticipated borrowing authority:		l				l l	
80		v	0100			1420				l					
80		Λ	0100			1430		Anticipated reductions to current fiscal year borrowing authority (-)		l				l l	
								Contract and anti-		l					
		- [Contract authority:		l					
						1		Discretionary:		l				l l	
80		X	0100			1500		Contract authority		l					
		-				ĺ		Nonexpenditure transfers:		l				l l	
80		\mathbf{X}	0100			1510		Contract authority transferred to other accounts (-)		l					
80		X	0100			1511		Contract authority transferred from other accounts		l					
								Adjustments:		l					
80		х	0100			1520		Contract authority and/or unobligated balance of contract authority permanently	reduced (-)					
80			0100			1522		Contract authority precluded from obligation (limitation on obligations) (-)		ľ				l l	
30			3.00			1322		Anticipated contract authority:		l					
80		v	0100			1530		Anticipated contract authority: Anticipated nonexpenditure transfers of contract authority (net) (+ or -)		l				l l	
80			0100			1530		Anticipated adjustments to current year contract authority (+ or -)		l					
υU	ш	Λ	0100	ш		1331		rimorphica aujustinonis to current year contract autitority (+ 01 -)		_	1	ш			

Apportionment Line Numbers, cont.

Treasury Agency	FY1	FY2	Treasury Account	Alloc Account	Alloc Sub-Account	Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
								BUDGETARY RESOURCES							
								Mandatory:							
80			0100			1600		Contract authority							
80		X	0100			1603		Contract authority (previously unavailable) Nonexpenditure transfers:							
80		x	0100			1610									
80			0100			1611		Contract authority transferred to other accounts (-) Contract authority transferred from other accounts							
80		^	0100			1011		Adjustments:							
80		x	0100			1620		Contract authority and/or unobligated balance of contract authority permanently reduce	ed (-)						
80			0100			1621		Contract authority temporarily reduced (-)							
80		\mathbf{x}	0100			1622		Contract authority precluded from obligation (limitation on obligations) (-)							
								Anticipated contract authority:							
80		Х	0100			1630		Anticipated nonexpenditure transfers of contract authority (net) (+ or -)							
80		Х	0100			1631		Anticipated adjustments to current year contract authority (+ or -)							
								Spending authority from offsetting collections:							
								Discretionary:							
80			0100			1700		Collected							
80 80			0100			1701		Change in uncollected customer payments, Federal sources (+ or -)							
80		^	0100			1702		Offsetting collections (previously unavailable) Nonexpenditure transfers:							
80		v	0100			1710		Spending authority from offsetting collections transferred to other accounts (-)							
80		- 1	0100			1711		Spending authority from offsetting collections transferred to other accounts							
00		^`	0100			1/11		Adjustments:							
80		x	0100			1720		Capital transfer of spending authority from offsetting collections to general fund (-)							
80		Х	0100			1722		Spending authority from offsetting collections permanently reduced (-)							
80			0100			1723		New and/or unobligated balance of spending authority from offsetting collections temp	orarily redu	ced	(-)				
80						1725		Spending authority from offsetting collections precluded from obligation (limitation on	obligations)	(-)					
80			0100			1726		Spending authority from offsetting collections applied to repay debt (-)							
80			0100			1727		Spending authority from offsetting collections applied to liquidate contract authority (-))						
80		X	0100			1728		Spending authority from offsetting collections substituted for borrowing authority (-)							
80		v	0100			1740		Anticipated spending authority from offsetting collections: Anticipated collections, reimbursements, and other income							
80			0100			1740		Anticipated nonexpenditure transfers of spending authority from offsetting collections	 (net) (+ or -)						
80			0100			1742		Anticipated capital transfers and redemption of debt (spending authority from offsetting							
]						
								Mandatory:							
80			0100			1800		Collected							
80						1801		Change in uncollected customer payments, Federal sources (+ or -)							
80		X	0100			1802		Offsetting collections (previously unavailable)							
80		v	0100			1810		Nonexpenditure transfers: Spending authority from offsetting collections transferred to other accounts (-)							
80			0100			1811		Spending authority from offsetting collections transferred from other accounts							
80		^	0100			1011		Adjustments:							
80		\mathbf{x}	0100			1820		Capital transfer of spending authority from offsetting collections to general fund (-)							
80			0100			1822		Spending authority from offsetting collections permanently reduced (-)							
80			0100			1823	1	New and/or unobligated balance of spending authority from offsetting collections temp	orarily redu	ced	(-)				
80			0100			1824		Spending authority from offsetting collections precluded from obligation (limitation on	obligations)	(-)					
80			0100			1825	1	Spending authority from offsetting collections applied to repay debt (-)							
80			0100			1826	1	Spending authority from offsetting collections applied to liquidate contract authority (-)	1						
80		X	0100			1827	1	Spending authority from offsetting collections substituted for borrowing authority (-)							
80		$_{\mathbf{v}}$	0100			1840	1	Anticipated spending authority from offsetting collections: Anticipated collections, reimbursements, and other income							
80			0100			1841		Anticipated nonexpenditure transfers of spending authority from offsetting collections	 (net) (+ or -)						
80			0100			1842	1	Anticipated capital transfers and redemption of debt (spending authority from offsetting							
						-	İ		Ī						
Ш					Ш							Ш		Ш	
80		X	0100			1920		Total budgetary resources available							

Apportionment Line Numbers, cont.

Treasury Agency	FYI	FY2	Treasury Account	Alloc Account	Alloc Sub-Account	Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
				ヿ	ヿ			APPLICATION OF BUDGETARY RESOURCES							
\Box				_	_			Apportioned:		\mathbf{H}		H		T	
								Category A (by quarter)							
80		X	0100			6001		1st quarter							
80			0100			6002		2nd quarter							
80			0100			6003		3rd quarter							
80		Х	0100			6004		4th quarter							
			LI					Category B (by project)							
80			0100			6011		[Project label]							
80			0100			į.		i v				1 1			
80			0100												
80		X	0100			6110		[Project label]							
			L I					Category AB (Project by quarter or Parent/Allocation accounts)							
80			0100			6111		1st quarter, Project 1							
80			0100			6112		2nd quarter, Project 1							
80			0100			6113		3rd quarter, Project 1							
80			0100			6114		4th quarter, Project 1							
80			0100			6115		1st quarter, Project 2							
80			0100			6116		2nd quarter, Project 2							
80			0100			6117		3rd quarter, Project 2							
80		Х	0100			6118		4th quarter, Project 2							
						į.									
			r			.v									
80			0100			6156		1st quarter, Project 12							
80			0100			6157		2nd quarter, Project 12							
80			0100			6158		3rd quarter, Project 12							
80		Х	0100			6159		4th quarter, Project 12							
								Category C (for future years)							
80			0100			6170		[Designate 1st FY beyond current year]							
80			0100			÷		[Designate 2nd FY beyond current year]							
80			0100					[Designate 3rd FY beyond current year]							
80		Х	0100			6173		[Designate 4th FY beyond current year]							
						6100		Unapportioned:							
80			0100			6180		Withheld pending rescission							
80			0100			6181		Deferred Company of the Company of t							
80			0100 0100			6182		Unapportioned balance of revolving fund							
80 80			0100	\dashv	\dashv	6183 6190		Exempt from apportionment Total budgetary resources available		Н		Н		\vdash	
80	_	Λ	0100	\dashv	\dashv	0190		Anticipated recoveries of prior year unpaid and paid obligations	l	+		H		+	
+	\dashv	-		\dashv	\dashv			GUARANTEED LOAN LEVELS AND APPLICATIONS		\vdash		\vdash		\vdash	
\vdash	\dashv		\vdash	\dashv	\dashv			GUARANTEED LOAN LEVELS AND APPLICATIONS Guaranteed Loan Level	 	Н		Н		Н	
80		v	0100	J	J	8100									
80			0100			8100 8200		Program Level, Current Year Program Level, Unused from prior years							
80		л	0100			8200									
		37	0100			0201		Application of Guaranteed Loan Limitation							
80 80			0100 0100	J	ŀ	8201 8202		Application, Category A, First quarter							
80			0100			8202		Application, Category A, Second quarter							
80			0100	- 1	ŀ	8203 8204	1	Application, Category A, Third quarter							
80			0100		ŀ	8204		Application, Category A, Fourth quarter Application, Category B (by project) or risk category							
80			0100			8211		Application, Category B (by project) or risk category							
80			0100	- 1	- 1		1								
80		Λ	0100	J	J										
						Ÿ		v v							
80		х	0100		ŀ	8235		Application, Category B (by project)							
1.5								FF 7 6-7 7				П			

PROGRAM REPORTING CATEGORIES FORMAT

Treasury Agency	FY 1	FY 2	Treasury Account	SF 132 Line	Report Cat No.	Program Reporting Category	Proje	cted, Annual Obligatior	
80		X	1309	6001	1	Salaries	400,0	000	
80		X	1309	6001	2	All Other	80,00	00	
						Cat A, Sub-total	480,0	000	
80		X	1309	6011	3	Research Air	8,880),000	
80		X	1309	6011	4	Research Water	4,000),000	
80		X	1309	6011	5	Research All Other	N/A		
						Research, Sub-total	12,88	30,000	
80		X	1309	6012	6	Development Air	5,450	0,000	
80		X	1309	6012	7	Development Water	4,000	0,000	
80		X	1309	6012	8	Development All Other	N/A		
					1	Development, Sub-total	9,450	0,000	
When between to the	n the Reen 1 -	eport C: 100, th	at No has	s a number	7	Note how the program reporting categories to apportioned amounts in Exhibit 120G's Of the Secretary apportionment.	elate	Check with OMB on whether you need to put projected, annual	
You i	may al e the R xampl	so inclu teport C	de additi at No is l	onal rows blank. In we as sub-		Do not use program reporting categories that identical to Category B projects. The simple is that you use two or more reporting catego each Cat B project.	obligations. Note also that the this column do add to the total add to the total and		

FY 20xx Apportionment Identify in the header the law(s) providing the budget authority. Funds provided by Public Law XXX-XXX OMB Line Previous Agency Memo Obligations Line No Split Approved Leave the "Previous Approved" column blank on On initial apportionment forms, Department of Government this line entry represents the amount of appropriations becoming available on or after the first apportionment of the Bureau: Office of the Secretary Account: Salaries and Expenses (003-04-1109) October 1 of the fiscal year for which the schedule is submitted. TAFS: 80-0137 /20xx IterNo Last Approved Apportionment: N/A, First Request of year RptCat NO Reporting Categories AdjAut Adjustment Authority provided This entry includes any funds not available for obligation NO pursuant to a specific provision in law. Identify the public law containing the restriction in a footnote. 31 U.S.C 1512 and Include an estimate of all amounts you anticipate will become available under existing law in the fiscal year for which the schedule is submitted. Do not include anticipated unenacted supplemental the Impoundment Control Act are not valid authorizing citations. 1100 BA: Disc: Appropriation 7,400,000 7,400,000 appropriations and recission proposals. 1130 BA: Disc: Appropriations permanently reduced -1,000 1.000 1840 BA: Mand: Spending auth:Antic colls, reimbs, other 403,000 403,000 This inclusion of estimates in determining the amounts available for apportionment does not authorize you to obligate amounts anticipated for the rest of the year (see section 145.6). 1920 0 7,802,000 7,802,000 Total budgetary resources avail (disc. and mand.) 6001 1st quarter 1,952,000 1,952,000 6002 1,950,000 1,950,000 2nd quarter 1,950,000 6003 3rd quarter 1.950,000 The total amount on line 1920 must equal the total amount on line 6190. 6004 4th quarter 1,825,000 1,825,000 6011 Prairie Restoration Fund 125,000 125,000 6190 Total budgetary resources available 0 7,802,000 ← 7,802,000 Display the text of any

One-Year Appropriation—First Apportionment for the Current Fiscal Year

Exhibit Notes:

footnotes in a separate tab in your Excel file.

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

²⁾ Per section 120.41, newly enacted appropriations are automatically apportioned for a temporary period.

FY 20xx Apportionment Identify in the header the law(s) providing the budget authority. Funds provided by Public Law XXX-XXX Footno Line Previous Agency Request Line No Bureau/ Account Title / Cat B Stub / Line Split OMB Action Memo Obligations Split Approved Agency OMB Prev Leave the "Previous Approved" column blank on initial Agency: Department of Government apportionments. Bureau: Office of the Secretary If the account must be apportioned before the actual unobligated balance is known, enter an estimated Account: R & D (003-04-1109) amount on this line. Type 'E' in the line split TAFS: 80-1309 /X column. If adjustments are subsequently required, submit a reapportionment, except as provided in section 120.49. IterNo Last Approved Apportionment: N/A, First Request of year RptCat NO Reporting Categories Use this line to report expected cancellations or downward adjustments of prior year unpaid and paid obligations reported in prior years for unexpired AdjAut NO Adjustment Authority provided 1000 Unob Bal: Brought forward, Oct 1 1,180,000 1,180,000 [line split = E for estimate] [line split = A for actual balance] Include only amounts 1041 Unob Bal: Antic recov of prior year unpd and pd obl 150,000 150,000 expected to be received and to become available without further 1100 25,000,000 B1 25,000,000 BA: Disc: Appropriation congressional action. 1740 BA: Disc: Spending auth: Antic colls, reimbs, other 300,000 300,000 1740 100,000 BA: Disc: Spending auth: Antic colls, reimbs, other 100,000 26,730,000 26,730,000 1920 Total budgetary resources avail (disc. and mand.) 0 120,000 6001 120,000 1st quarter 120,000 120,000 6002 2nd quarter 6003 120,000 120,000 3rd quarter 6004 120,000 4th quarter 120,000 6011 12,800,000 Research 12,800,000 6012 Development of Products 9 450 000 9,450,000

No-Year Appropriation—First Apportionment for the Current Fiscal Year

Exhibit Notes:

6170

6190

No-year and multi-year TAFS can have

apportioned amounts in future fiscal years. When using line 6170, provide the future fiscal years

FY2016

Total budgetary resources available

4,000,000 A

26,730,000

Display the text of any footnotes in a separate tab in your Excel file.

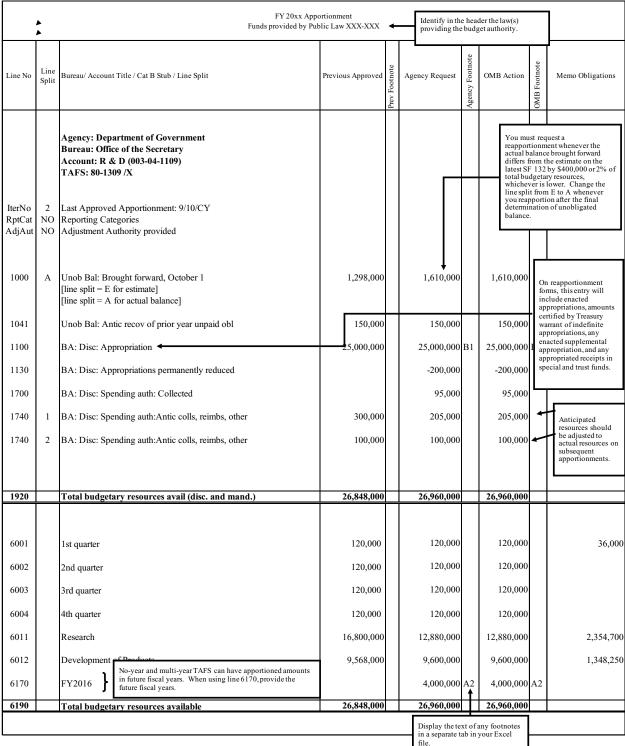
4,000,000 A2

26,730,000

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

²⁾ Per section 120.41, newly enacted appropriations are automatically apportioned for a temporary period.

No-Year Appropriation—Reapportionment



- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.
- 2) Unless OMB determines otherwise, when amounts are automatically apportioned (see section 120.50), and there is a subsequent need for reapportionment, reflect adjustments previously made as automatic apportionments in the "Previous Approved" column. In such cases, footnote what changes were automatically apportioned.
- 3) Exhibit 130C illustrates the SF 133 for this account.

Identify in the header the law(s) providing the budget authority. If a FY 20xx Apportionment continuing resolution (CR) is amended multiple times, always reference the first CR (not the subsequent amendments). However, Funds provided by Public Law XXX-XXX if another CR is passed, cite the new CR as well as the first CR. Previous Agency Memo Obligations OMB Action Line No Bureau/ Account Title / Cat B Stub / Line Split Approved Request Agency: Department of Government Bureau: Office of the Secretary Show the actual amount or the annual rate for operations included in the continuing Account: Salaries and Expenses (003-04-1109) resolution (CR) on line 1100. Even if the TAFS: 80-0137 / 20xx CR is for part of a fiscal year, you still show the total annual amount (e.g., rate for operations) of the CR on line 1100 (not the proportional share provided during the time period of the CR). IterNo Last Approved Apportionment: N/A, First Request of year RptCat NO Reporting Categories NO Adjustment Authority provided AdjAut If the continuing resolution is for a part of the year, show the amount of BA that is currently not 1100 24,000,000 B1 24,000,000 BA: Disc: Appropriation provided under the given time period of the CR as a negative on line 1134. -22,030,000 B2 1134 BA: Disc: Appropriations precluded from obligation -22,030,000 (See section 123.2 for guidance.)

1.348.260

3,318,260

1.970.000

3,318,260

1,348,260 A3

1,348,260

3,318,260

1,348,260 A3

1.970,000

3,318,260

Display the text of any footnotes in a separate tab in your Excel file.

One-Year Appropriations Under Continuing Resolution

Exhibit Notes:

1740

1920

6001

6002

6003

6004

6011

6190

1st quarter

2nd quarter

3rd quarter

4th quarter

Lump Sum

Total budgetary resources available

Note that funds made available by the continuing resolution (\$24,000,000 - \$22,030,000) are all apportioned as lump sum

You can either show the lump-sum amount in Cat B (as shown on line 6011) OR if you typically apportion Cat A, the entire lump-sum amount in the first quarter (line 6001). If the short-term CR gets extended and enacted in a subsequent quarter, you would reflect the additive amount as lump-sum in the

by the OMB short-term CR apportionment bulletin.

BA: Disc: Spending auth: Antic colls, reimbs, other

Total budgetary resources avail (disc. and mand.)

quarter current at that time.

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

²⁾ Normally, OMB will issue a bulletin to automatically apportion funds made available by a continuing resolution without requiring you to submit an apportionment request (see section 123.2, 120.60). However, you may submit, or OMB may require you to submit a request.

FY 20xx Apportionment Identify in the header the law(s) providing Funds provided by Public Law XXX-XXX the budget authority. Previous Agency Bureau/ Account Title / Cat B Stub / Line Split OMB Action Memo Obligations Split Approved Request OMB F Amounts in the "Previous Approved" column are amounts from the first You must request a reapportionment whenever the Agency: Department of Government Change the line split from E to A when the final determination of unobligated balances is reported. If the amount actual balance brought forward differs from the Bureau: Office of the Secretary estimate on the latest SF 132 by \$400,000 or 2% of total budgetary resources, whichever is lower. Change the line split from E to A whenever you reapportion after the final determination of Account: R & D (003-04-1109) apportionment. TAFS: 80-1200/X unobligated balance. on this line does not agree with the amounts (a) reported on the final SF 133 of the preceding year, (b) reported to the Last Approved Apportionment: 9/10/CY 11/30/2014 IterNo RptCa NO Reporting Categories Treasury for inclusion in the Treasury Combined Adjustment Authority provided AdjAu NO Show the actual amount or the annual rate for operations provided by the continuing resolution (CR) on line 1100. Even if the CR is for part of a fiscal year, you still show the annual amount of the CR on line 1100 (not the proportional share provided during the time period of the CR). Statement Appendix; or (c) presented in the Budget Appendix as a past year actual amount, footnote line 1000 to 1000 Unob Bal: Brought forward, Oct 1 50,689,324 60,000,000 60,000,000 explain the difference [line split = E for estimate] [line split = A for actual balance] 1100 24.000.000 24.000.000 BA: Disc: Appropriation 1134 BA: Disc: Appropriations precluded from obligation -22.030.000 -22.030.000 Lines 1700 and 1740, as well as the memorandum entry on 170 BA: Disc: Spending auth: Collected 1.500 1.500 If the continuing resolution obligations, should reflect the amount shown on the latest SF133 if more is for a part of the year, show the amount of BA 1740 BA: Disc: Spending auth: Antic colls, reimbs, other 1,000,760 1,000,260 1,000,260 that is currently not provided for obligation via recent figures are not available. The period covered by such amounts should be indicated in a footnote the OMB short-term CR the OMB short-term CR apportionment bulletin under the given time period of the CR as a negative on line 1134. (See section 123.2 for guidance.) 1740 2 BA: Disc: Spending auth: Antic colls, reimbs, other 349,000 348,000 348,000 and the "Memo Obligations" column 63,319,760 52,039,084 63,319,760 1920 Total budgetary resources avail (disc. and mand.) Agency requested/OMB approved reapportionment of the increased unobligated balances (+\$9,310,676) in the first quarter. The four quarters are only reflecting the budgetary resources that are NOT provided by 13 009 771 22,320,447 22,320,447 600 1st quarter 600 2nd quarter 13 009 771 13.009.771 13,009,771 If the request/approval was in the second quarter, increase would have to show on line 6002 since OMB can never reapportion a past period. the short-term CR because the short-term 13,009,771 600 3rd quarter 13,009,771 13.009.771 CR expires at the end date specified in section 106 of the short-term 6004 4th quarter 13,009,771 13,009,771 13,009,771 CR. 1,425,555 601 Lump Sum 1,970,000 1,970,000

Appropriations and Unobligated Balances Under a Continuing Resolution

Exhibit Notes:

6190

1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Total budgetary resources available

2) Normally, OMB will issue a bulletin to automatically apportion funds made available by a continuing resolution without requiring you to submit an apportionment request (see section 123.2, 120.60). However, you may submit, or OMB may require you to submit a request.

52,039,084

63,319,760

63,319,760

3) You must submit a reapportionment request showing the final determination of unobligated balances to OMB as soon as it becomes known unless the amount is automatically apportioned by section 120.49.

Apportionment Following a Continuing Resolution

ı			Funds		0xx Apportions ed by Public La	ment		Identify in the hear authority. Note: you number or both the	u ca	in choose to refer	ence	the CR PL
Line No	Line Split		Bureau/ Account Title / Cat B Stub / Lin	ne Split		Previous Approved	Prev Footnote	Agency Request	Agency Footno	OMB Action	OMB Footnot	Memo Obligations
IterNo		Bureau: Off Account: R TAFS: 80-1	ed Apportionment: 9/10/CY		apportionm current action apportionm	ent (budgetary r on of the Congre ent of the short-	eso ss, s ter	tive amounts from urces not determ section 120.23) ar m CR from both th st-CR, A-11 section	ined Id the Ie au	d by the ne automatic utomatic		
RptCat AdjAut 1000	NO	Unob Bal: B [line split = F	Authority provided rought forward, Oct 1 for estimate A for actual balance	appro line 1 reflect operation the sh CR, n	previous ved column, 100 is to t the rate for tions from ort-term ot the	60,000,000		46,000,000		46,000,000		
1100 1134		BA: Disc: A	ppropriation ppropriations precluded from oblig	appro	ed full-year priation.	24,000,000 -22,030,000	B1	25,000,000		25,000,000	re fe 1	lew equirement or line 134see
1700		BA: Disc: Sp	pending auth: Collected			1,500)	2,000		2,000	18	anguage elow
1740	1	BA: Disc: S _I	pending auth:Antic colls, reimbs, or	ther		1,000,260		1,000,260		1,000,260		
1740	2	BA: Disc: Sp	pending auth:Antic colls, reimbs, or	ther		348,000		178,000		178,000		
1920		Total budge	tary resources avail (disc. and m	and.)		63,319,760		72,180,260		72,180,260		
			Scenario 1 (Category B lump-sum): If you choose to lump-sum Cat B amou apportioned pursuant to the OMB Bulle 120.41, it will all show on line 6011. Scenario 2 (Category A lump-sum):	etin and	A-11 section							
6001		1st quarter	If you choose to Cat A amounts automs pursuant to the OMB Bulletin, you sho Bulletin all in 1st quarter, line 6001.	atically w the ar	apportioned nounts from the	22,320,447		22,320,447		22,320,447		
6002		2nd quarter	Scenario 3 If the short -term CR gets extended, the	e lump-s	sum from the	13,009,771		6,009,771		6,009,771		
6003		3rd quarter	Bulletin will be shown as follows: Cat B: additive to line 6011 Cat A: in the quarter current at the time	•		13,009,771		6,009,771		6,009,771		
6004		4th quarter	the CR extension(s) (e.g., if extended in automatically apportioned amounts are quarter, line 6002). See section 120.55	n the sec	cond quarter,	13,009,771		13,009,771		13,009,771		
6011		Lump Sum	the pre	vious approved d amounts from l l and reflect it	1		24,830,500		24,830,500			
6190		Total budge	tary resources available			63,319,760		72,180,260		72,180,260		
Faatmata	D1.	mount on lin	e 1134 has been adjusted pursuant	to ON	IR Rullatin V	YY_YY and A 1	1 .	ection 120 41				

- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.
- 2) Consult your RMO is you received an account-specific written apportionment during the short-term CR for B1 footnote language.
- 3) See section 120.61.

Public Enterprise (Revolving) or Intragovernmental (Revolving) Fund - Reapportionment

	A	Fund	FY 20xx Apport s provided by Public		—	Identify in providing	the l	header the law(s) udget authority.		
Line No	Line Split	Bureau/ Account Title / Cat B Stub /	Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligation
		Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1109) TAFS: 80-4321/X								
IterNo RptCat AdjAut	2 NO NO	Last Approved Apportionment: 9/10/CY Reporting Categories Adjustment Authority provided					wh the	ange the line split enever you reapp: final determinati obligated balance	ortion on of	n after
1000	A	Unob Bal: Brought forward, Oct 1 [line split = E for estimate] [line split = A for actual balance]		83,584,884		83,583,738		83,583,738		
1023		Unob Bal: Applied to repay debt		-20,756,800		-20,756,800		-20,756,800		
1100		BA: Disc: Appropriation		4,100,000		4,100,000		4,100,000		
1700	1	BA: Disc: Spending auth: Collected				8,000,000		8,000,000		
1700	2	BA: Disc: Spending auth: Collected				8,189,500		8,189,500		
1740		BA: Disc: Spending auth:Antic colls, rein	nbs, other	69,806,300		54,616,800		54,616,800		
1920		Total budgetary resources avail (disc. a	and mand.)	136,734,384		137,733,238		137,733,238		
6001 6002 6003 6004		1st quarter 2nd quarter 3rd quarter 4th quarter	Note: For Cat A you fill in the memo obligations in the quarter in which the obligations were incurred	550,000 650,000 625,000 609,600		550,000 650,000 625,000 609,600		550,000 650,000 625,000 609,600		1,965,42
6011		Management services		23,202,000		23,202,000		23,202,000		6,190,62
6012		Sales program		11,834,000		11,834,000		11,834,000		2,012,79
6013		Power program		20,980,600		20,980,600		20,980,600		5,125,63
6182		Unapportioned balance of revolving fund		78283184		79,282,038	1	79,282,038	ΑI	
6190		Total budgetary resources available		136,734,384	1	Display the te in a separate t file.		Tany footnotes your Excel		<u> </u>

- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.
- 2) If you don't know the amount of the unobligated balance brought forward at the time you must submit an apportionment request for an account, show an estimated amount on line 1000, and submit a reapportionment form if adjustments are required, except as specified in section 120.49.
- 3) For revolving funds with indefinite $\,$ borrowing authority :
 - \bullet Line 1023 includes estimates for the year of repayments of principal.
 - Line 1740 includes any credits or payments anticipated to be received.
- 4) Exhibit 130E illustrates the SF 133 for this account.

Trust Fund Limitation

		FY 20xx Apportionmen Funds provided by Public La							
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-8109) TAFS: 80-8004 /20xx							
IterNo RptCat AdjAut	2 NO NO	Last Approved Apportionment: 9/10/CY Reporting Categories Adjustment Authority provided		the Dis	limitation aut	horit f anv	nw(s) that estably in a footnote of footnotes in a foctnotes in a foct of the footnotes in a foct of the footnotes in a footno		
1201		BA: Mand.: Appropriation (special or trust Fund)	9,000,000		9,000,000	₩	9,000,000	В1	_
1920		Total budgetary resources avail (disc. and mand.)	9,000,000		9,000,000		9,000,000		
6011		Management services	1,500,000		1,500,000		1,500,000		500,000
6012		Sales program	7,500,000		7,500,000		7,500,000		2,003,456
6190		Total budgetary resources available	9,000,000	H	9,000,000		9,000,000		

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Negative Amount Due to Reduced Unobligated Balance

IterNo	Bureau/ Account Title / Cat B Stub / Line Split Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1109) CAFS: 80-4321/X Last Approved Apportionment: 9/10/CY Reporting Categories Adjustment Authority provided Jnob Bal: Brought forward, Oct 1	Previous Approved 2	Ager Requ	cy est somethy	OMB Action	OMB Footnote	Memo Obligations
IterNo 2 La: RptCat NO Ad 1000 A Un E Un [lir [lir 1021 Un 1700 BA 1701 BA 1740 BA	Bureau: Office of the Secretary Account: R & D (003-04-1109) FAFS: 80-4321/X Last Approved Apportionment: 9/10/CY Reporting Categories Adjustment Authority provided						
RptCat AdjAut NO Re AdjAut 1000 A Un E Un [lir [lir lir] 1021 Un BA 1700 BA 1740 BA	Reporting Categories Adjustment Authority provided						1
E Un [lir [lir 1021	Jnob Bal: Brought forward, Oct 1						
1700 BA 1701 BA 1740 BA	Jnob Bal: Brought forward, Oct 1 line split = E for estimate] line split = A for actual balance]	1,180,000	410,	000	410,000		
1701 BA	Jnob Bal: Recov of prior year unpd obl	150,000	150,	000	150,000		
1740 BA	3A: Disc: Spending auth: Collected		86,	000	86,000		
	3A: Disc: Spending auth: Chng uncoll pymts Fed src		9,	000	9,000		
1920 To	3A: Disc: Spending auth:Antic colls, reimbs, other	400,000	145,		B 145,000	В1	
	Otal budgetary resources avail (disc. and mand.)	1,730,000	800	,000	800,000		
6001 1st	Assuming that 1st quarter obligations were \$250,000 in this example, then the 2nd quarter apportioned amount would be \$150,000 (432,500	432,500	432	,500	432,500)	250,000
6002 2nd	nd quarter apportioned less 250,000 obligated plus-32,500	432,500	-32	,500	-32,500)	
6003 3rd	rd quarter apportioned).	432,500	200	,000	200,000)	When you need to reduce the cumulative amount
6004 4th	th quarter	432,500	200	,000	200,000)	apportioned through the current period, revise the amount
6190 To	•	1,730,000	800	,000	800,000		apportioned for the current period to a

- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.
- 2) Apportionments previously established are not subject to change after the close of the period for which the apportionment is made (section 120.55).

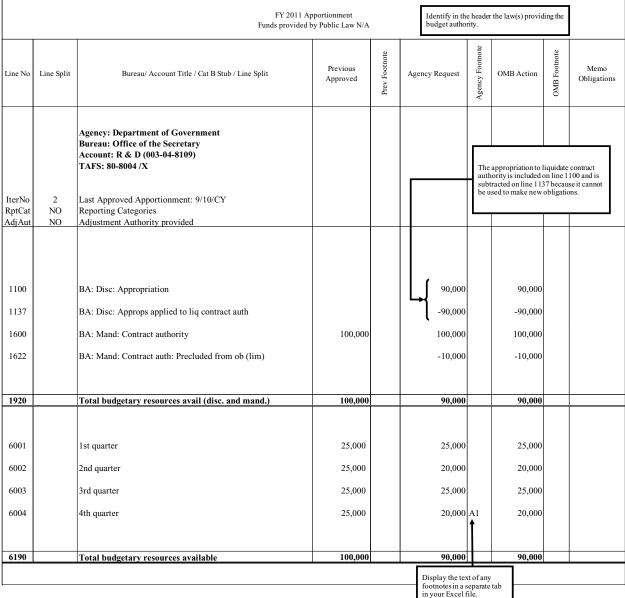
Apportionments in Future Fiscal Years for Multi-Year Accounts

Curren	ıt yea	r's Apportionment:								
			20xx Apportionm ovided by Public I			Identify in providing t	the h	eader the law	(s) y.	
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Spli	t	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
		Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1109) TAFS: 80-4321 20xx/20xx+1								
IterNo RptCat AdjAut	1 NO NO	Last Approved Apportionment: N/A, First Request of y Reporting Categories Adjustment Authority provided	year							
1100		BA: Disc: Appropriation	Includes the ful			▶ 100,000		100,000		
1920		Total budgetary resources avail (disc. and mand.)		0)	100,000		100,000		
6001		1st quarter				12,500		12,500		
6002		2nd quarter	The planned use	of	┧	12,500		12,500		
6003		3rd quarter	appropriations i		/	12,500		12,500		
6004		4th quarter			.]	12,500		12,500		
6170		FY 20xx+1	The planned use appropriations in		\vdash	→ 50,000		50,000		
6190		Total budgetary resources available	•	0		100,000		100,000		

		FY 20xx+1 Apportion Funds provided by Publ							
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligation
		Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1109) TAFS: 80-4321 20xx/20xx+1							
IterNo RptCat AdjAut 1000	NO NO	Last Approved Apportionment: N/A, First Request of year Reporting Categories Adjustment Authority provided Unob Bal: Brought forward, Oct 1 [line split = E for estimate] [line split = A for actual balance]	gated in		52,000		52,000		
1920		Total budgetary resources avail (disc. and mand.)	(52,000		52,000		
6001		1st quarter			13,000		13,000		
6002		2nd quarter The planned u		l/	13,000		13,000		
6003		3rd quarter appropriations	in year 2.)	13,000		13,000		
6004		4th quarter			13,000		13,000		
6190		Total budgetary resources available			52,000	H	52,000		

- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.
- 2) Apportionments previously established are not subject to change after the close of the period for which the apportionment is made (section 120.55).

Trust Fund with Contract Authority, Appropriation to Liquidate Contract Authority, and Obligation Limitation



- 2) This example assumes that the authorizing legislation provides \$100,000 in contract authority that was apportioned in the initial apportionment for the year. Subsequently, the appropriation act provided \$90,000 in an appropriation to liquidate contract authority and limited obligations from the contract authority to \$90,000.
- 3) This example assumes that the contract authority that cannot be obligated is available to be obligated in the succeeding fiscal year. This is an obligation

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Trust Fund (or Special Fund) with Collections Precluded from Obligation

		FY 20xx Apportionm Funds provided by Public I			Identify in the hi				
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
IterNo RptCat AdjAut	1 NO NO	Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-8109) TAFS: 80-8004 /X Last Approved Apportionment: N/A, First Request of year Reporting Categories Adjustment Authority provided	quarter of the is derived from the obligations a received. The amount receipts over	e est om p ind o on li	the amount on line I imated annual oblig rior year collections utlays until current; ne 1234 equals the c anticipated obligation on line 1201 (\$30 th	ation and year exce	ns. This amount dis used to fund collections are ess of current year (\$40 thousand)		
1201 1234 1250		BA: Mand: Appropriation (special or trust fund) BA: Mand: Appropriations precluded from obligation BA: Mand: Anticipated appropriation			30,000 -70,000 160,000		30,000 -70,000 160,000		
1920		Total budgetary resources avail (disc. and mand.)			120,000		120,000		
6011		Payment of Benefits			120,000	A1	120,000		
6190		Total budgetary resources available			120.000	Н	120,000		
					Display the tex footnotes in a s your Excel file	epa			

- 1) This exhibit only reflects lines that contain values. For a full listing of all lines, please Exhibit 120A.
- 2) This example assumes that the authorizing legislation makes all receipts available until expended. However, the same law permits obligations only for benefits. The estimate of benefits to be paid is less than the current receipts. In this case, include all estimated current receipts on line 1250 (include actual collections on line 1201). Include, as a negative, the amount not needed to cover current obligations on line 1234. Do not include prior year collections that are not needed to incur current obligations on the apportionment or the SF 133.
- 3) See exhibit 130J for a display of the treatment of this account on the SF 133 during the year and on September 30.

Allocation Transfer Apportionment Format, Apportioning Programs

		FY 20xx App Funds provided by		A					
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
IterNo RptCat AdjAut	1 NO NO	Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1309) TAFS: 80-1309 /X Last Approved Apportionment: N/A, First Request of year Reporting Categories Adjustment Authority provided			accounting net effect i obligation Note: In or the SF 133 both the pa for allocat	steps of sto she for the rder for and Pr arent ar	esources section re of both the parent a ow the resources as entire TAFS. the transfers to cre esident's Budget, r d child use the app sfers reas.gov/USSGL/.	n the ch vailable osswalk dease en	nildren. The for correctly in asure that
1100		BA: Disc: Appropriation			10,000,000		10,000,000		
1120	C1	BA: Disc: Approps transferred to 19-80X1309			-1,000,000		-1,000,000		
1120	C2	BA: Disc: Approps transferred to 20-80X1309			-2,000,000		-2,000,000		
1121	C1	BA: Disc: Approps transferred from 80X1309			1,000,000		1,000,000		
1121	C2	BA: Disc: Approps transferred from 80X1309			2,000,000		2,000,000		
1920		Total budgetary resources avail (disc. and mand.)			10,000,000		10,000,000		
6011		Program A			5,500,000		5,500,000		
6012		Program B			2,000,000		2,000,000		
6013		Program C			2,500,000		2,500,000		
6190		Total budgetary resources available			10,000,000		10,000,000		

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Allocation Transfer Apportionment Format, Apportioning Parent and Child

		Identify in the header the law(s) providing the budget authority.	FY 20xx Apportion Funds provided by Pub							
Line No	Line Split	Bureau/ Account Title / Cat B Stu	ıb / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligations
IterNo RptCat AdjAut	1 NO NO	Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1309) TAFS: 80-1309 /X Last Approved Apportionment: N/A, Fi Reporting Categories Adjustment Authority provided	rst Request of year			accounting The net eff obligation entre TAFS Note: In or correctly in please ensu appropriate	g steps of ect is to for the S. der for the the SF ure that be e USSGI	sources section r f both the parent show the resour the transfers to c 133 and Preside ooth the parent a for allocation as gov/USSGL/	ross ent's	he children. available for walk Budget, hild use the
1000	P	Unob Bal: Brought forward, Oct 1 (pare	ent, 80X1309)			750,000		750,000		
1000	C1	Unob Bal: Brought forward, Oct 1 (chil			500,000		500,000			
1100		BA: Disc: Appropriation			10,000,000		10,000,000			
1120	C1	BA: Disc: Approps transferred to 19-80	A: Disc: Approps transferred to 19-80X1309			-1,000,000		-1,000,000		
1120	C2	BA: Disc: Approps transferred to 12-80	X1309			-2,000,000		-2,000,000		
1121	P	BA: Disc: Approps transferred from 80	X1309			1,000,000		1,000,000		
1121	P	BA: Disc: Approps transferred from 80	X1309			2,000,000		2,000,000		
1920		Total budgetary resources avail (disc	. and mand.)			11,250,000		11,250,000		
6001	P	Parent - 1st quarter				3,750,000		3,750,000		
6001	C1	State FA (19-80X1309) - 1st quarter	Please note that in this so apportions both the pare			1,000,000		1,000,000		
6001	C2	Agric. (12-80X1309) - 1st quarter	(19-80X1309, 12-80X13 identifies the children in	09) and separathe application	tely	500,000		500,000		
6002	P	Parent - 2nd quarter	budgetary resources sect An apportionment for a p	parent/child do		4,000,000		4,000,000		
6002	C1	State FA (19-80X1309) - 2nd quarter	NOT have to separately in the application of bud section of the apportion	getary resource	S	500,000		500,000		
6002	C2	Agric. (12-80X1309) - 2nd quarter	be apportioned).			1,500,000		1,500,000		
6190		Total budgetary resources available				11,250,000		11,250,000		

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

²⁾ In 2015 added line split of "P" for parent and "CX" for each separate child allocation.

Allocation Transfer Apportionment Format, Child Only

	ı		0xx Apportionment vided by Public Law	N/A	,				1
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote	Memo Obligation
		Agency: Department of State Affairs Bureau: Office of the Comptroller Account: R & D (003-04-1309) TAFS: 19-80-1309 /X			apportionm Note: In ord 133 and Pre and child u	entres der for esident se the a	on arrangements, the Paren sponsibility to its children, the transfers to crosswalk c's Budget, please ensure the appropriate USSGL for allo eas.gov/USSGL/.	orrectly	y in the SF the parent
IterNo RptCat AdjAut	NO	Last Approved Apportionment: N/A, First Request of Reporting Categories Adjustment Authority provided	year						
1000		Unob Bal: Brought forward, Oct 1			500,000		500,000		
1121		BA: Disc: Approps transferred from 80X1309			12,000,000	B1	12,000,000	B1	
1920		Total budgetary resources avail (disc. and mand.)			12,500,000		12,500,000		
6011		Country A activities			3,000,000		3,000,000		
6012		Country B activities			1,500,000		1,500,000		
6014		Country C activities			3,500,000		3,500,000		
6170		Unallocated activities - available CY+1			4,500,000	A1	4,500,000	A1	
6190		Total budgetary resources available			12,500,000		12,500,000		

B1 footnote: Allocation transfer from parent agency, Department of Government.

Exhibit Notes:

1) This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Allocation Transfer Apportionment, Parent Only

		Identify in the header the law(s) providing the budget authority. FY 20xx Apportion Funds provided by Pub		N/A						
Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved Approved App				OMB Action	OMB Footnote	Memo Obligations	
IterNo RptCat AdjAut	1 NO NO	Agency: Department of Government Bureau: Office of the Secretary Account: R & D (003-04-1309) TAFS: 80-1309 /X Last Approved Apportionment: N/A, First Request of year Reporting Categories Adjustment Authority provided	steps for the parent only so the the resources available for obli Note: In order for the transfers correctly in the SF 133 and Pre		esentation reflects the accounting int only so the net effect is to show lable for obligation for the parent. the transfers to crosswalk in 133 and President's Budget, both the parent and child use the LL for allocation transfers.					
1000 1100		Unob Bal: Brought forward, Oct 1 BA: Disc: Appropriation				750,000 10,000,000		750,000 10,000,000		
1120		BA: Disc: Approps transferred to other accounts				-3,000,000		-3,000,000		
1920		Total budgetary resources avail (disc. and mand.)			\dashv	7,750,000		7,750,000		
6001		1st quarter 2nd quarter				3,750,000 4,000,000		3,750,000 4,000,000		
6190		Total budgetary resources available				7,750,000		7,750,000		

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

Allocation Accounts

Notes: Each parent account on this tab must appear on the Request tab. You use the same Treasury agency and account for each parent and allocation.

<u>P</u>	arent Acc	count			Allo	cation(s)		
Treasury Agency	FY 1	FY 2	Treasury Account	Treasury Agency	Allocation Account	FY 1	FY 2	Treasury Account
80	X		1309	19	80	X		1309
80	X		1309	12	80	X		1309

Sequester Apportionment

Line No	Line Split	Bureau/ Account Title / Cat B Stub / Line Split	Previous Approved Previous Pre	Agency Request	Agency Footnote OMB Action	OMB Footnot Obligations
IterNo RptCat	2 NO	Agency: Department of Government Bureau: Office of the Secretary Account: Research and Development (003-00-0001) Treas Account: Research and Development TAFS: 99-0001 /X Last Approved Apportionment: 20xx-09-10 Reporting Categories			the pres	s sequestered in ious year that en determined
AdjAut	NO	Adjustment Authority provided			to be av	ailable in the year ("pop-up")
		Budgetary resources			<u> </u>	
1000	DA	Discretionary Actual - Unob Bal: Brought forward, Oct 1		3,100,000	3,100,000	V
1000	DE	Discretionary Estimated - Unob Bal: Brought forward, Oct 1	3,000,000 B	1		1
1000	MA	Mandatory Actual - Unob Bal: Brought forward, Oct 1		2,500,000	2,500,000	
1000	ME	Mandatory Estimated - Unob Bal: Brought forward, Oct 1	2,400,000 B2	2	0	1
1700		BA: Disc: Spending auth: Collected		700,000	700,000	1
1740		BA: Disc: Spending auth: Antic colls, reimbs, other	2,700,000	2,000,000	2,000,000	П
1800		BA: Mand: Spending auth: Collected		500,000	500,000	↓
1802	SEQ	BA: Mand: Spending auth: Previously unavailable	140,000	140,000	B1 140,000	B1
1823	SEQ	BA: Mand: Spending auth: New\Unob bal temp reduced	-210,000	-210,000	-210,000	. —
1840		BA: Mand: Spending auth: Antic colls, reimbs, other	3,000,000	2,500,000	2,500,000	Amounts sequestered
1920		Total budgetary resources avail (disc. and mand.)	11,030,000	11,230,000	11,230,000	in the
						current year
		Application of Budgetary Resources				ļ
6011		Development	6,066,500	6,176,500	6,176,500	
6011		Research	4,963,500	5,053,500	5,053,500	
6190		Total budgetary resources available	11,030,000	11,230,000	11,230,000	

¹⁾ This exhibit only reflects lines that contain values. For a full listing of all lines, please see Exhibit 120A.

SECTION 123—APPORTIONMENTS UNDER CONTINUING RESOLUTIONS

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- 123.1 What is a continuing resolution?
- How do I determine the amount available for obligation under a continuing resolution?
- 123.3 What do I do if my account receives no funding in the House or Senate bill?
- Do the amounts made available for obligation remain available after a continuing resolution expires?
- Does the continuing resolution limit the purposes for which funds may be obligated?
- Am I required to submit an apportionment request while I am funded by a continuing resolution?
- 123.7 When may I ask OMB to issue a written exception apportionment?
- 123.8 If I am funded by a short-term continuing resolution and have received a written apportionment, will I have to submit written reapportionment requests for each extension of the CR?
- 123.9 Are my credit programs funded under a continuing resolution?
- 123.10 Do I have to request a warrant from Treasury while operating under a continuing resolution?
- 123.11 Do I need to request a reapportionment after my full-year appropriation is enacted?
- Will my full-year enacted appropriations cover obligations made during the continuing resolution?
- What if the full-year enacted appropriations subsequently provided less budget authority than obligations incurred under the CR?
- Ex-123 How to calculate amounts available for credit programs under a continuing resolution.

123.1 What is a continuing resolution?

Continuing resolutions (also known as "CRs") are joint resolutions that provide continuing appropriations for a fiscal year. CRs are enacted when the Congress has not yet passed new appropriations bills and a program's appropriations are about to or have expired, or when the President has vetoed congressionally passed appropriations bills. Because of the nature of CRs, you should operate at a minimal level until after your regular fiscal year appropriations is enacted.

123.2 How do I determine the amount available for obligation under a continuing resolution?

Usually, CRs do not appropriate specific sums of money. Rather, they provide "formulas" for calculating the amounts available for continuing programs at minimal levels. This formula is applied by OMB in apportioning funds under the CR. Once the CR is enacted, OMB usually issues a bulletin to automatically apportion funds available under the CR. This automatic apportionment applies to most accounts, but not all. For particular accounts, OMB provides a separate written apportionment. CRs provide funds for projects and activities. The phrase *projects and activities* has two meanings:

- 1. The phrase usually refers to the total appropriation for the account (the amount calculated by the formula) rather than to specific activities (when determining which Government programs are covered by the CR and the rate for operations limit).
- 2. The phrase *sometimes* refers to the specific activity (when determining whether an activity was authorized or carried out in the preceding year).

You should carefully review each CR to determine the formula provided. Keep in mind that the amount available under a CR is the product of negotiations among the various factions in the Congress and the Administration. As a result, the formula provided in each CR will likely differ from the formula in previous CRs. For example, the formulas provided by the CRs for the past five years have been different. Click here for the formula provided by those CRs as well more detailed guidance on how to execute the CR:

- <u>FY 2016 CR</u> (OMB Bulletin 15-03)
- <u>FY 2015 CR</u> (OMB Bulletin 14-03)
- FY 2014 CR (OMB Bulletin 14-01)
- FY 2013 CR (OMB Bulletin 12-02)
- <u>FY 2012 CR</u> (OMB Bulletin 11-01)

Note that you may not obligate funds under the CR that would impinge on final funding prerogatives of the Congress. CRs usually include provisions directing agencies to execute programs using the most limited funding actions permitted in order to provide for continuing projects and activities. Agencies are also directed by the CR to not execute programs that would otherwise have high initial rates of operation or complete distribution of appropriations at the beginning of the year because of distribution of funds to States, foreign countries, grantees, or others.

123.3 What do I do if my account receives no funding in the House or Senate bill?

If either the House or Senate has reported out of committee or passed an appropriations bill that provides no funding for an account (as opposed to merely providing no funding for a project, program or activity within an account) at the time the CR is enacted, the CR automatic apportionment does not apply to that account, even if that account received funding during the prior year. You must submit a written apportionment request to OMB if you want to request funds for the account during the period of the CR. You must also submit justification for any such request. This restrictive funding action is to ensure that the agency does not impinge on final funding prerogatives of the Congress.

123.4 Do the amounts made available for obligation remain available after a continuing resolution expires?

No. CRs make amounts available for obligation only until a time specified by the CR or until the enactment of regular fiscal year appropriations, whichever is sooner. A CR normally provides temporary funding. As specified by the CR, it can last any period of time (e.g., one day, a few days, a few weeks, or a month). It is generally understood that the normal appropriations process will eventually produce appropriation acts to replace or terminate the CR. In relatively few cases, CRs have been in effect through the end of the fiscal year. In such cases, regular appropriations (full-year CR) language replaces the formula in the short-term CR, and you must submit a reapportionment request for the full-year appropriations (see section 123.11). For example, in FY 2011, 11 of the 12 regular annual appropriations bills were not enacted. Instead, all the appropriations normally provided in those bills were provided in one joint resolution making consolidated appropriations. Consolidated appropriations are also referred to as omnibus appropriations acts.

123.5 Does the continuing resolution limit the purposes for which funds may be obligated?

Normally, yes. A CR makes amounts available subject to the same terms and conditions specified in the enacted appropriations acts from the prior fiscal year. The CR may also establish additional terms and conditions. Normally, you are **not** permitted to start new projects or activities.

123.6 Am I required to submit an apportionment request while I am funded by a continuing resolution?

Normally, no. OMB will issue a bulletin to automatically apportion amounts made available by CRs. Links to the OMB bulletins that apportioned the CRs during the last five fiscal years are provided in section 123.2.

123.7 When may I ask OMB to issue a written exception apportionment?

If an agency seeks an amount for an account (under section 101of the CR act or an anomaly) that is more than the amount automatically apportioned by the CR bulletin, a written apportionment must be requested from OMB. These are referred to as "exception apportionments". Each of the requests must be accompanied by a written justification that includes the legal basis for the exception apportionment. OMB expects to grant these exception apportionments requests only in extraordinary circumstances.

A written exception apportionment may be requested on the following bases:

- Seasonality. This will be considered only if the program experiences regular and predictable changes in the rate of obligations throughout the year due to programmatic requirements, using historical data from SF 133s or OMB approved SF 132s. For example, a history of apportionment shows that the Low-Income Home Energy Assistance Program has an established pattern of a higher rate of obligations in the first and second quarters of the fiscal year, when the temperatures are colder. Another example is funding for the protection of Presidential candidates and increased security at inaugurations every four years. Seasonality apportionment requests will not be approved simply because an agency prefers to sign full-year contracts at the beginning of the fiscal year, or if doing so would be business as usual under a full-year enacted appropriation.
- Safety of Human Life or Protection of Federal Property. Cases where the obligations could legally be incurred under the Antideficiency Act during a Government-wide lapse of appropriations.
- Annualizing a New Program. Cases where a new program began late in the previous fiscal year
 and the partial year funding level for the previous year would not fund a full year's rate for
 operations this year.

123.8 If I am funded by a short-term continuing resolution and have received a written apportionment, will I have to submit written reapportionment requests for each extension of the CR?

No. In the case of accounts that receive a written apportionment at any time during a short-term CR period, the automatic apportionment (via OMB bulletin) will apply to such accounts under any subsequent extensions of the CR, provided that the total amount apportioned during the short-term CR period does not exceed the annualized level of the CR. However, any footnotes on the written apportionment continue to apply to the account when subsequently operating under the automatic apportionment.

123.9 Are my credit programs funded under a continuing resolution?

Yes. CRs generally make budgetary resources available to support the costs (appropriations for subsidy cost amounts) associated with direct and guaranteed loan activities that were conducted in the prior fiscal year. Normally, the CR allows you to make new direct loans and new commitments to guarantee loans within the limitations on credit activity levels and subject to the terms and conditions specified in the prior fiscal year appropriations act(s).

Please see section <u>185.24</u> for further information regarding the subsidy rates to be used for loans or loan guarantees at execution. See <u>Exhibit 123</u> for an example of how to calculate amounts available for credit programs under a CR.

123.10 Do I have to request a warrant from Treasury while operating under a continuing resolution?

Generally, no. Excluding a full-year CR, Treasury will not issue a warrant under a CR unless an agency explicitly requests one (see Treasury Financial Manual I TFM2–2000, section 2025.20). Exceptions may be made on a case by case basis if the CR extends beyond the second quarter of the fiscal year. Further Fiscal Service Treasury guidance may be found on the USSGL website (http://www.fms.treas.gov/ussgl/index.html).

123.11 Do I need to request a reapportionment after my full-year appropriation is enacted?

Yes. You must request a reapportionment within 10 days of the enactment of your full-year appropriations act, even if the period covered by the CR has not expired. In the Previous Approved column, include the amounts apportioned under the CR (including automatic apportionment amounts as provided by the OMB Director's Bulletin and section 120.41. See exhibit 120H). The total amount subject to reapportionment will equal the total amount made available for the fiscal year in the regular appropriation. Click below for further information on the following:

- Instructions on the apportionment process/format (see section 120)
- Detailed instructions for each line on the apportionment (see <u>appendix F</u>)

Until OMB approves your first apportionment request for the fiscal year, and unless otherwise determined by your OMB representative, you will be under an automatic apportionment. See section 120.41 for the formula of the automatic apportionment.

OMB may apportion differently from the automatic apportionment authority provided by section 120.41 for those accounts that received exception apportionments under the short-term CR. See the OMB bulletin on the apportionment of the short-term CR for guidance and consult your OMB representative to determine at what level you are automatically apportioned.

123.12 Will my full-year enacted appropriations cover obligations made during the continuing resolution?

Yes. Normally your full-year enacted appropriations will cover all obligations made during the CR. However, there could be exceptions. See section <u>123.13</u> for an example of an exception.

123.13 What if the full-year enacted appropriations subsequently provided less budget authority than obligations incurred under the CR?

You must do everything possible to reduce the amount of your existing obligations so that the agency's obligations do not exceed the amounts provided in the full-year enacted appropriations. The agency must reduce obligations to the maximum extent possible—returning purchases received for a refund, canceling purchases of goods and services ordered but not yet received, and canceling grants.

For example, consider the following situation:

- (1) There was no indication that the Congress would enact a regular annual appropriation less than the amount available under the CR;
- (2) The amount obligated was available under the CR;

- (3) The full-year enacted appropriation was subsequently less than the obligations incurred under the CR; and
- (4) The agency reduced obligations to the maximum extent possible (e.g., returned purchases received for a refund, cancelled purchases of goods and services ordered but not yet received, canceled grants, and transferred funds to the extent possible to cover obligations made during the period of the CR).

In this circumstance, it is expected that an agency will normally be able to reduce its CR-incurred obligations by a sufficient amount so that the agency's obligations during that fiscal year will not exceed the level of the full-year enacted appropriation (and, thus, all of these obligations will be charged to the full-year enacted appropriation). However, in a case in which an agency is not able (after having deobligated funds to the maximum extent possible or used existing transfer authority to cover obligations made during the period of the CR) to reduce its CR-period obligations to the level of the full-year enacted appropriation, then the amount by which the full-year enacted appropriation has been exceeded will be charged to the CR.

If your full-year enacted appropriations provided less budget authority than the obligations you incurred under the CR, contact your OMB examiner and request an apportionment (if you are subject to apportionment) that specifically footnotes that all of the requirements of this section have been met. For any supplemental warrant, you should also provide to your Treasury Bureau of the Fiscal Service contact an OMB-approved apportionment stating that the conditions of section 123.13 have been met.

How to Calculate Amounts Available for Credit Programs under a Continuing Resolution

Under recent Continuing Resolutions (CRs), OMB automatically apportions credit programs as follows: "If there is an enacted credit limitation (i.e., limitation on loan principal or commitment level) in the prior year, then the automatic apportionment is the pro-rata share of the credit limitation or the budget authority (i.e., for subsidy cost), whichever is less."

Section 185.24 further requires that in executing loans, agencies must use current subsidy rates equal to those calculated in the current President's Budget.

This exhibit shows you how to calculate amounts available under the CR given the above automatic apportionment and requirements. As the CR formula is subject to change and OMB apportions according to the CR formula, refer to the latest OMB Bulletin on the CR for the current apportionment.

In the two examples below, the prior year enacted appropriations provides \$5 million in budget authority (BA) for subsidy costs and \$200 million in loan limitation for direct loans. The CR provides a pro-rata (daily) rate of 25.00%. Last year's subsidy rate is 5.00%. The current subsidy rate differs in each example. The examples show that along with other factors, the current subsidy rate impacts the amounts available under the automatic apportionment for credit programs.

Last year's enacted appropriations states "For the cost of direct loans, \$5,000,000, as authorized by 7 U.S.C. 999: ... Provided further, That these funds are available to subsidize gross obligations for the principal amount of direct loans not to exceed \$200,000,000."

To determine the amounts available under the CR for Example 1, with a current subsidy rate of 8.00%:

Step 1 - Calculate the pro-rata share of last year's enacted credit limitation: 25.00% x \$200 million = \$50 million. The pro-rata share of the credit limitation would support a loan level of \$50 million.

Step 2 - Calculate the pro-rata share of last year's enacted budget authority (i.e., for the subsidy cost): 25.00% x \$5 million = \$1.25 million in BA.

Step 2A - Calculate the loan level that \$1.25 million in BA would support:

- To calculate the loan level, take budget authority and divide by subsidy rate (BA/subsidy rate = loan level). Note that you must use the current subsidy rate and not last year's subsidy rate.
- \$1.25 million / .0800 = \$15.625 million. The pro-rata share of the budget authority would support a loan level of \$15.625 million.

Step 3 – Determine the lesser of the pro-rata share of the credit limitation or the budget authority:

- Compare the results of steps 1 and 2A.
- Since the pro-rata share of the budget authority provides for a lower loan level (\$15.625 million < \$50 million), the pro-rata share of the budget authority is the amount automatically apportioned under the CR.
- Under the CR, this direct loans program may obligate up to \$1.25 million in budget authority for subsidy costs which may support a loan level of \$15.625 million.

Example 1:	Current subsidy ra	ate = 8.00%					
		Pro-rata share (25.00%)P	ro-rata loan level	Amounts available under CR			
Credit limitation BA	200,000,000 5,000,000	50,000,000 1,250,000	50,000,000 15,625,000	1,250,000 in BA for subsidy cost to support a loan level of 15,625,000			
Example 2:							
G that had	200 000 000	Pro-rata share (25.00%)P		Amounts available under CR			
Credit limitation BA	200,000,000	50,000,000 1,250,000	50,000,000	50,000,000 loan level which requires			

SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS

Table of Contents

- What types of actions may my agency conduct during a lapse in appropriations?
- What plans should my agency make in anticipation of a lapse in appropriations?
- When should my agency's shutdown plans be implemented?

Summary of Changes

Provides information on how to submit updated plans to OMB every two years (section 124.2).

124.1 What types of actions may my agency conduct during a lapse in appropriations?

(a) Background.

The Attorney General issued two opinions in the early 1980s holding that the language and legislative history of the Antideficiency Act unambiguously prohibit agency officials from incurring obligations in the absence of appropriations ("Applicability of the Antideficiency Act Upon a Lapse in an Agency's Appropriations" (1980) and "Authority for the Continuance of Government Functions During a Temporary Lapse in Appropriations" (1981)). The Department of Justice's Office of Legal Counsel issued an opinion dated August 16, 1995, that reaffirms and updates the 1981 opinion.

(b) Policies.

This section provides policy guidance and instructions for actions to be taken by Executive Branch agencies when the Congress fails to enact regular appropriations, a continuing resolution, or needed supplemental appropriations, resulting in a lapse of appropriations.

This section does not apply to specific appropriations action by the Congress to deny program funding.

When the Congress fails to act on program supplementals and the result is partial funding interruptions, special procedures beyond those outlined in this section may be warranted. In such cases, you should consult your OMB representative.

In the absence of appropriations:

- Federal officers may <u>not</u> incur any obligations that cannot lawfully be funded from prior appropriations unless such obligations are otherwise authorized by law; and
- Federal officers may incur obligations as necessary for orderly termination of an agency's functions, but funds may <u>not</u> be disbursed.

Within the guidance established by the opinions issued by the Department of Justice and this Circular, agency heads, in consultation with their general counsels, must decide what agency activities are excepted or otherwise legally authorized to continue during a lapse in appropriations. Agencies should address questions to OMB, including questions about the interpretation of the Antideficiency Act. OMB will engage with the agency and the Department of Justice's Office of Legal Counsel, as necessary and appropriate.

124.2 What plans should my agency make in anticipation of a lapse in appropriations?

Agency heads, in consultation with their general counsels, must develop and maintain plans for an orderly shutdown in the event of a lapse in appropriations. Up-to-date plans must be on file with OMB. Whenever there is a change in the source of funding for an agency program or any significant modification, expansion, or reduction in agency program activities, the agency must submit an updated plan to OMB for review that reflects this change. In updating their plans, agencies also should note any changes made to their plans in light of their experiences during any recent lapse in appropriations. At a minimum, agencies should submit updated plans to OMB for review every two years, starting August 1, 2015. Plans should be submitted to your OMB examiner and with a copy to the following e-mail address: Section124Plans@omb.eop.gov.

Given that the duration of a lapse in appropriations is inherently uncertain, your plan should describe agency actions to be taken during a short lapse (1-5 days). It also should identify anticipated changes if the lapse extends beyond that time period. Your plan should also designate personnel responsible for implementing and adjusting the plan to respond to the length of the lapse in appropriations and changes in external circumstances.

Include the following information at the beginning of your plan:

- A brief summary of significant agency activities that will continue and those that will cease during a lapse in appropriations.
- An estimate of the time (to the nearest half-day) needed to complete shutdown activities. To the extent that specific shutdown activities will not be completed within one-half day, specify the nature of each such activity, together with the time and the number of employees necessary to complete the activity.
- A statement of the total number of agency employees expected to be on-board before implementation of the plan.
- A statement of the total number of employees to be retained under the plan for each of the following categories:
 - Their compensation is financed by a resource other than annual appropriations;
 - They are necessary to perform activities expressly authorized by law;
 - They are necessary to perform activities necessarily implied by law;
 - They are necessary to the discharge of the President's constitutional duties and powers;
 - They are necessary to protect life and property.

The plan should then proceed to describe in detail, for each component within your agency, the following:

- The total number of employees in the component to be on-board before implementation of the plan;
- The total number of employees to be retained in the component under the plan for each of the categories listed above (i.e., the employees' compensation is financed by a resource other than annual appropriations, they are necessary to perform activities expressly authorized by law, they are necessary to perform activities necessarily implied by law, they are necessary to the discharge of the President's constitutional duties and powers, or they are necessary to protect life and property); and

▶ The agency's legal basis for each of its determinations to retain categories of employees, including a description of the nature of the agency activities in which these employees will be engaged.

To the extent that any of the information described above is expected to change should a lapse in appropriations extend for a prolonged period of time (i.e., longer than 5 days), the plan should explicitly describe these changes. In particular, the plan should indicate any points in time when the furlough status of employees may change, how many employees would be affected, and the legal basis for such changes. Agencies should consult with an OMB representative at such points in time during a lapse in appropriations to make OMB aware of any such changes. In addition, during a lapse in appropriations agencies should make an OMB representative aware of any instances where actions deviate from what is set forth in the plan.

Agency plans should also describe the actions that will be necessary to resume orderly operations once appropriations are restored. In doing so, agencies should describe:

- Methods for notifying employees that the shutdown furlough has ended and that they are to return to work on a specified day (normally the employee's next scheduled workday after the furlough has ended);
- Flexibilities available to supervisors if employees have problems returning to work on the day specified by the agency, including the use of accrued annual leave, compensatory time off, or credit hours;
- Plans for restarting Information Technology (IT) systems and avoiding any data loss or interruption, which may include requiring that critical IT personnel report to work earlier than normal to ensure that IT systems are up and running as soon as possible; and
- Procedures for resuming program activities, particularly related to grants and contracts, including steps to ensure appropriate oversight and disbursement of funds.

At the time they are given furlough notices, agencies should provide employees as much information as possible regarding how the agency will go about resuming operations after the furlough has ended.

124.3 When should my agency's shutdown plans be implemented?

OMB will monitor the status of congressional actions on appropriations bills and will notify agencies if shutdown plans are to be implemented. Whenever it appears that a lapse in appropriations might occur, you should review your shutdown plans, and, if revisions are required, promptly submit the revised plan to OMB. When agencies submit their plans, they should also provide OMB with information on agency personnel that would serve as a point of contact in the event of a lapse. While agencies are ultimately responsible for preparing and implementing orderly shutdown plans, all changes to the plans must be submitted to OMB for review in advance of implementing the plan.

One week prior to the expiration of appropriations bills, regardless of whether the enactment of appropriations appears imminent, OMB will convene a meeting or teleconference with agency senior officials to remind agencies of their responsibilities to review and update orderly shutdown plans. OMB will hold follow-up meetings or teleconferences on a periodic basis until such time as appropriations are enacted or a lapse in appropriations has occurred.

After OMB has identified a lapse in appropriations and all available funds (including realloted/reallocated funds) are exhausted, OMB will provide guidance to agencies directing the initiation of orderly shutdown activities. Each agency head must determine the specific actions that will be taken; however, all your actions must contribute to an orderly shutdown of the agency and give primary consideration to protecting

SECTION 124—AGENCY OPERATIONS IN THE ABSENCE OF APPROPRIATIONS

life and safeguarding Government property and records. Agency heads will notify OMB immediately when shutdown activities are being initiated.

During a lapse in appropriations, agencies should only engage in activities consistent with the principles set forth in their shutdown plan.

Agencies must take necessary personnel actions to release employees in accordance with applicable law and regulations of the Office of Personnel Management. You must prepare employee notices of furlough and process personnel and pay records in connection with shutdown furlough actions. You should plan for these functions to be performed by employees who are retained for orderly termination of agency activities as long as those employees are available. Agencies should also establish clear protocols for how employees will be provided with furlough notices, contacted to be recalled to work following the end of the lapse in appropriations or should their furlough status change in accordance with the agency's plan, and informed of pertinent pay and leave information during the lapse. Where appropriate, agencies should seek to utilize available technology to allow employees maximum flexibility in returning to work.

OMB will notify you when the lapse in appropriations has ended and you can begin implementing your plan to orderly resume agency activities.

SECTION 130—SF 133, REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

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Summary of Changes

Deletes the Crosswalk from the SF 133 to the Treasury Combined Statement exhibit.

130.1 What is the purpose of the SF 133 and how is it organized?

The SF 133 Report on Budget Execution and Budgetary Resources:

- Fulfills the requirement in <u>31 U.S.C. 1511–1514</u> that the President review Federal expenditures at least four times a year.
- Fulfills the requirement in <u>31 U.S.C. 1554</u> to report on unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts during the completed fiscal year.
- Allows the monitoring of the status of funds that were apportioned on the SF 132 Apportionment and Reapportionment Schedule and funds that were not apportioned.
- Provides a consistent presentation of information across programs within each agency, and across agencies, which helps program, budget, and accounting staffs to communicate.
- Provides historical reference that can be used to help prepare the President's Budget, program operating plans, and spend-out rate estimates.
- Provides a basis to determine obligation patterns when programs are required to operate under a continuing resolution.
- Ties an agency's financial statements to its budget execution. The compilation of an agency's SF 133s should generally agree with an agency's Statement of Budgetary Resources. The few differences are explained in section 130.19(e).

The SF 133 consists of the following sections:

Section	shows whether	and is described in:
Budgetary resources	budgetary resources are available for obligation or not	Appendix F, Budgetary resources
Status of budgetary resources	budgetary resources have been obligated or not	Appendix F, Status of budgetary resources
Change in obligated balance	obligated balances changed	Appendix F, Change in obligated balance
Budget authority and outlays, net	obligated amounts have been outlayed or not	Appendix F, Budget authority and outlays, net

130.2 What are the general requirements for submitting SF 133s?

(a) What accounts should I report?

Unless otherwise specified by OMB, all Executive Branch agencies must electronically submit SF 133 information each quarter for each open Treasury appropriation fund symbol (TAFS).

Do submit SF 133 reports for:

- Unexpired (i.e. current) TAFSs;
- Expired TAFSs (including TAFSs about to be closed and annual TAFSs that are older than five years that have legally authorized extended disbursing authority);
- Both apportioned TAFSs and those that have not been apportioned; and
- Credit program, financing, and liquidating TAFSs (see section 185 for detailed information).

Do not submit SF 133 reports for:

- Deposit fund accounts;
- Receipt accounts (including clearing accounts and suspense accounts); and
- Closed TAFSs (i.e. TAFSs with canceled balances) unless required by OMB.

(b) What level of detail should I report?

Submit SF 133s for each expired and unexpired TAFS. Report amounts as cumulative from the beginning of the fiscal year to the end of the period.

Because one of the main purposes of the SF 133 is to monitor the use of the funds planned on the SF 132 Apportionment; in general, your SF 133 should contain the same level of detail as your SF 132 Apportionment.

(c) How do I submit an SF 133?

You must submit SF 133 budget execution information electronically through the Treasury's Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS). This facilitates analysis and ensures consistent presentation of budget execution information so that Government-wide totals are meaningful. Electronic submission of the information also allows the SF 133 to be presented on the MAX Budget Community web pages at https://max.omb.gov/community/x/cwM to facilitate communication among accounting, budget, and audit staff. Those outside of the MAX Budget Community can access the budget execution information through OMB's public site, which shares the same reports as the MAX Budget Community.

You can find out more about GTAS at http://www.fiscal.treasury.gov/fsservices/gov/acctg/gtas/gtas home.htm. GTAS does not replace the SF 133, but rather replaces previous systems used to collect SF 133 information.

(d) Who can approve an SF 133 submission?

SF 133 information submitted for each independent agency, departmental bureau, or similar subdivision will be certified by an officer duly authorized by the head of the agency to be responsible for the integrity of the submission.

Typically, one group within your agency (for example, the accounting office) reports amounts to Treasury while another group (for example, the budget office) prepares budget schedules (see section <u>82.12</u>). Before the accounting office submits its actuals to Treasury in GTAS, you must ensure that the amounts you are going to report are conceptually and numerically consistent with the amounts that your budget office is going to report in MAX A-11. In addition, GAO requires your auditors to determine whether controls exist to ensure that the amounts in your systems and the amounts submitted via GTAS agree. See GAO-02-126G "Guide for Auditing the Statement of Budgetary Resources" (see section <u>82.12</u>).

(e) When do I submit an SF 133?

You must submit SF 133 budget execution information at the end of November, July, August, and each quarter. However, submitting information on expired TAFSs is optional for the additional monthly reporting for November, July, and August. You can find out the reporting deadlines at http://www.fiscal.treasury.gov/fsservices/gov/acctg/gtas/gtas home.htm. The GTAS window opens approximately one week after the close of reporting month or each quarter. You must revise any material errors in previously reported information through GTAS at this time as well. You also must be able to produce a monthly SF 133 when required by OMB.

(f) What other budget execution reporting requirements must I meet?

You must submit a copy of the SF 133 for November, July, August, and each quarter directly to the Committee on Appropriations, House of Representatives. To the extent practicable, you should submit all the reports for each independent agency, departmental bureau, or similar subdivision together and numbered consecutively. You may use printouts of SF 133s from GTAS. You may also encourage or make arrangements with the Committee on Appropriations, House of Representatives to electronically retrieve the information through OMB's public site, which shares the same reports as the MAX Budget Community.

You should periodically compare the estimates of anticipated amounts (contained on SF 132 lines 1040, 1041, 1042, 1150, 1151, 1152, 1153, 1250, 1251, 1252, 1330, 1430, 1530, 1531, 1630, 1631, 1740, 1741, 1742, 1840, 1841, 1842, and line 2203) to actual results to improve future estimates.

130.3 How do I report budgetary resources?

To use the entries in this section of the SF 133, see <u>Appendix F</u>, Budgetary resources. The Appendix F includes specific instructions for unexpired TAFSs, expired TAFSs, and expired TAFSs being closed. "Expired TAFSs being closed" refers to the final September 30 SF 133 that is submitted for a TAFS (e.g., the September 30 report for an annual TAFS that has been expired for five years).

For unobligated balance brought forward, do not include any amounts for (1) indefinite appropriations, except special and trust fund receipts; (2) indefinite borrowing authority; or indefinite contract authority. For adjustments to indefinite budget authority, refer to lines 1100, 1101, 1102, 1200, 1201, 1202, 1300, 1400, 1500, 1600 of Appendix F as well as http://www.fms.treas.gov/ussgl for the appropriate USSGL.

130.4 How do I report the status of budgetary resources?

To use the entries in this section of the SF 133, see Appendix F, Status of budgetary resources.

130.5 How do I report obligations, and how are obligations shown on SF 133 reports?

Agencies need to use the same descriptive stubs for Category B (by project) and Category AB (combination of fiscal quarters and projects) obligations as appear on their approved apportionment. For Category A, Category B, and Category AB obligations that use program reporting categories, agencies need to use the same stub description used on the apportionment.

OMB sends a list of program reporting category stubs, as well as Category B and AB stubs, from approved apportionments to the Department of the Treasury's Bureau of the Fiscal Service (Fiscal Service) for use in GTAS budget execution reporting. See sections 120.68 through 120.73 for additional information. When reporting your obligations, GTAS will present you with a list of program reporting categories, Category B projects and Category AB fiscal quarters/projects to report upon; these Category B projects, Category AB fiscal quarters/projects, and reporting categories are taken from OMB's automated apportionment system.

OMB sends this information to Fiscal Service so OMB can use automated tools to align program report categories, Category B projects, and Category AB fiscal quarters/projects on the approved apportionments to the SF 133 reports. Prior to this change, OMB was unable to create automated reports that compare apportioned amounts (from the SF 132) and obligations (from the SF 133) by Category B project. The reason is that the SF 132s and SF 133s used different names for the Category B projects, so it was impossible to use a computer program to line up the projects by name.

When reporting your obligations to GTAS, you must first report the same categories as used in the apportionment. If necessary, you may then add new Category B project, Category AB fiscal quarters/projects, and/or Categories A, B, or AB program reporting category stubs. Here are some reasons why you may need to add new Category B projects, Category AB fiscal quarters/projects, and/or Categories A, B, or AB program reporting categories:

- First, you must report all obligations that took place during the reporting period. You must add Category B projects, Category AB fiscal quarters/projects, and/or Categories A, B, or AB program reporting categories if GTAS does not provide you with a comprehensive list of Category A, B, or AB program reporting categories and/or Category B projects or Category AB fiscal quarters/projects to report all your obligations.
- Second, if you are aware that OMB has apportioned funds using Category B projects or Category AB fiscal quarters/projects that are not presented in GTAS, then you should add the missing Category B projects or Category AB fiscal quarters/projects names, and report your obligations for those projects.
- Third, if you are aware that OMB has used Category A, B, or AB program reporting categories that are not presented in GTAS, then you should add the missing program reporting category names, and report your obligations for those categories.

The apportioned amounts submitted to GTAS are presented in three ways on the SF 133 reports produced by GTAS and OMB.

- First, obligations are summarized into the following categories: (1) Direct, Category A; (2) Direct, All Category B projects; (3) Direct, exempt from apportionment; (4) Reimbursable, Category A; (5) Reimbursable, All Category B projects; and (6) Reimbursable, exempt from apportionment.
- Second, the SF 133s show obligations by Apportionment Category (A, B, or AB), and then by Category B project (for Category B, only), Category AB fiscal quarters/projects (for Category AB, only) or program reporting category (Category A, Category B, and Category AB).
- Third, the SF 133s show funds apportioned for future fiscal years on line 2202.

Exhibit 130C shows how the obligations are reported for one TAFS.

130.6 How do I report the change in obligated balances?

To use the entries in this section of the SF 133, see <u>Appendix F</u>, Change in obligated balances. Lines 3000 through 3200 are required for all quarters.

130.7 How do I report budget authority and outlays, net?

To use the entries in this section of the SF 133, see <u>Appendix F</u>, Budget authority and outlays, net. Lines 4180 and 4190 are required for all quarters.

130.8 What do I need to know about accounting adjustments under 31 U.S.C. 1534?

When an appropriation is available to an agency to pay a cost that benefits another appropriation that is also available to pay the cost, 31 U.S.C. 1534 permits the first appropriation to be charged initially, as long as the charge is moved to the appropriation benefited before the end of the fiscal year. Do not report the initial charge and succeeding adjustment.

130.9 How is reimbursable work with Federal agencies under the Economy Act shown on SF 133 reports?

When you anticipate but have not yet received an order, whether or not you received an advance, enter the amount on line 1740 or 1840 of the SF 133, "BA: Disc: Spending auth: Antic colls, reimbs, other."

When you receive the order, it moves the amount of the order from line 1740 or 1840 to line 1701 or 1801, "BA: Disc: Spending auth: Chng uncoll paymt Fed src." If the order is accompanied or preceded by an advance payment, move the advance payment (up to the amount of the order) to line 1700 or 1800, "Collected."

If you do not record valid obligations to cover all or part of an order before the period of availability to make obligations of the ordering account expires, then you may not fill that part of the order. You must send back any cash advances not covered by obligations back to the ordering account. If you are the ordering agency, deobligate funds not covered by obligations by the performing account and record the corresponding adjustments. Use line 1021 "Unob Bal: Recov of prior year unpaid obligations," for obligations incurred in prior fiscal years. For obligations incurred in the current fiscal year, net the amount against the appropriate detailed lines 2001 through 2103, "Obligations incurred." If a cash advance accompanied the order, use line 1700 or 1800 when you collect the refund. These will be start of year unobligated balances available for adjustments but not new obligations in the expired years.

When you fill the order, move the amounts earned and collected to line 1700 or 1800, "Collected." Move the amounts earned but *not* collected to line 1701 or 1801, "BA: Disc: Spending auth: Chng uncoll paymt Fed src."

If you receive payment for a filled order *after* the period of obligational authority of the performing appropriation has *expired*, credit the payment to the expired appropriation, unless the law expressly prescribes other procedures.

If you receive payment *after* your performing account has been *canceled*, you must send the amounts to miscellaneous receipts in the Treasury.

If the period of disbursement for your account is canceled before you reimburse the appropriation that performed the work, you can only make the repayment from an unexpired appropriation that is available for the same purpose as the closed account.

When the performing and ordering agency accounts have different periods of availability, the performing account may need to establish new TAFS, as described in the following table:

ECONOMY ACT ACTIVITIES BETWEEN FEDERAL ENTITIES

If the ordering agency account has	And the performing agency account	Then the performing agency account must	Should the performing agency account TAFS show unobligated balances on the September 30th SF 133?
Annual TAFS	Has annual TAFS	Use existing annual TAFS	No.
	Has multi-year TAFS with different periods of availability than the ordering agency account where the ending period is the same for the ordering and performing agencies (e.g., ordering agency account is XX-14/15-XXXX and the performing agency account is YY-11/15-YYYY)	Use existing multi- year TAFS (refer to note below)	No.
	Has multi-year TAFS with different periods of availability than the ordering agency account where the ending period is the different for the ordering and performing agencies (e.g., ordering agency account is XX-15/16-XXXX and the performing agency account is YY-14/15-YYYY)	Ask Treasury to establish annual TAFS	No.
	Has no-year TAFS	Ask Treasury to establish annual TAFS	No.

NOTE: For agencies where the ordering agency account is a multi-year account, an agency may use an existing multi-year account as long as it does not extend the period of availability beyond the originating ordering agency account's last fiscal year of the unexpired phase (e.g., the period of availability of the ordering agency account is XX-11/15-XXXX, then the performing agency account could be YY-12/15-YYYY or YY-13/15-YYYY).

ΛΛ-11/13-ΛΛ	AA, then the performing agency	account could be 1 1-12	2/13-11110111-13/13-1111).
Multi-year	Has multi-year TAFS with	Use existing multi-	It depends.
TAFS	the same period of availability as the ordering agency account (e.g., ordering agency account is XX-15/16-XXXX and performing agency account is YY-15/16-YYYY)	eriod of year TAFS y as the ordering count (e.g., gency account is -XXXX and g agency account	Yes, for any year prior to the last year of the multi-year TAFS unless otherwise specified in the unfilled customer order. The amount will become part of line 1000 in the next fiscal year.
			Apply before situations where performing agency account has different periods of availability.

If the ordering agency account has	And the performing agency account	Then the performing agency account must	Should the performing agency account TAFS show unobligated balances on the September 30th SF 133?
	Has multi-year TAFS with	Use existing multi-	It depends.
	different periods of availability than the ordering agency account where the ending period is the same for the ordering and performing agencies (e.g., ordering agency	lability than the note below) ring agency account re the ending period is same for the ordering performing agencies rest, for any year prior of the multi-year TAFS otherwise specified in customer order. The a become part of line 10 fixed year.	Yes, for any year prior to the last year of the multi-year TAFS unless otherwise specified in the unfilled customer order. The amount will become part of line 1000 in the next fiscal year.
	account is XX-14/15- XXXX and the performing		No , for the last year of the multi-year TAFS.
	agency account is YY-11/15-YYYY).		Apply after situations where performing agency account has same periods of availability but before situations where performing agency account has different periods of availability with different ending periods.
	Has multi-year TAFS with different periods of availability than the ordering agency account where the ending period is the different for the ordering and performing agencies	Use existing annual TAFS or ask Treasury to establish annual TAFS	No, however, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on Line 1740 or 1840 in its annual year TAFS established for the next fiscal year.
	(e.g., ordering agency account is XX-15/16-XXXX and the performing agency account is YY-14/15-YYYY)		Apply after situations where performing agency account has same periods of availability and situations where performing agency account has different periods of availability with same ending periods.
	Has annual and no-year TAFSs	Use existing annual TAFS	No, however, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on Line 1740 or 1840 in its annual year TAFS established for the next fiscal year.
	Has no-year TAFS	Ask Treasury to establish annual TAFS	No, however, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on line 1740 or 1840 in its annual year TAFS established for the next fiscal year.

NOTE: For agencies where the ordering agency account is a multi-year account, an agency may use an existing multi-year account as long as it does not extend the period of availability beyond the originating ordering agency account's last fiscal year of the unexpired phase (e.g., the period of availability of the ordering agency account is XX-11/15-XXXX, then the performing agency account could be YY-12/15-YYYY or YY-13/15-YYYY).

If the ordering agency account has	And the performing agency account	Then the performing agency account must	Should the performing agency account TAFS show unobligated balances on the September 30th SF 133?
No-year TAFS	Has no-year TAFS	Use existing no-year TAFS	Yes, unless otherwise specified in the unfilled customer order. The amount will become part of line 1000 in the next fiscal year.
	Does not have no-year	Use existing annual	It depends.
	account but has annual and multi-year TAFS	or multi-year TAFS	No, for an annual or the last year of a multi-year TAFS. However, for the amount of unfilled customer order not obligated, agency would show new anticipated spending authority from offsetting collections on line 1740 or 1840 in its annual year TAFS established for the next fiscal year unless otherwise specified in the unfilled customer order.
			Yes, for any year prior to the last year of the multi-year TAFS unless otherwise specified in the unfilled customer order.
			The amount will become part of line 1000 in the next fiscal year.

As of September 30th, the performing agency account and ordering agency account must have corresponding budgetary entries recorded in their agency financial systems. As of September 30th, any unfilled customer order with or without an advance in a performing agency annual or last year of a multi-year TAFS that is unobligated (which is unearned) must be reduced to zero as well as the corresponding unpaid obligation in the paying agency account which must also be reduced by the same amount.

130.10 What should I report during the expired phase?

Budget execution reporting procedures. Obligated and unobligated balances must be reported on the SF 133 for each expired TAFS that has not been canceled.

September 30 SF 133 reports for annual TAFSs and the last year of multi-year TAFSs that expire at midnight on September 30 should report these TAFSs as unexpired.

Expired unobligated balances.

At the beginning of the first expired year, place the expired unobligated balance on line 1000, "Unob Bal: Brought forward, October 1." This amount should equal the sum of the lines in the unobligated balances section of the final report of budget execution for the unexpired phase, i.e., the sum of lines 2201 through 2303, "Unob Bal: Apportioned/ Exempt from apportionment" and 2401 through 2403, "Unob Bal: Unapportioned." These unobligated balances are now expired budgetary resources. They are available for obligation only for valid upward adjustments of obligations that were properly incurred against the TAFS during the unexpired phase.

Since the expired resources are no longer available for new obligations, place the amounts not used for valid adjustments on line 2403, "Unob Bal: Unapportioned: Other." In each succeeding expired year, the

amount on line 1000, "Unob Bal: Brought forward, October 1," should be the same as the amount on line 2403, Unob Bal: Unapportioned: Other," of the final report of budget execution for the prior year.

130.11 How do I report adjustments to expired TAFSs?

Downward adjustments. Place downward adjustments of unpaid obligations previously incurred on line 1021, "Unob Bal: Recov of prior year unpaid obligations." The amount should be included as a positive number because it increases the expired resources available only for future adjustments. Downward adjustments do not include previously paid obligations which require a refund. These refunds will be recorded on line 1033, "Recoveries of prior year paid obligations" or line 1700 or 1800, "Collected" (in limited cases) (see Appendix F), when received.

Upward adjustments. Place upward adjustments of obligations previously incurred on detailed lines 2001 through 2103, "Obligations incurred." Upward adjustments of obligations reduce unobligated balances. Subtract upward adjustments from the expired unobligated balances on line 2403, "Unob Bal: Unapportioned: Other"

The amount should represent the upward adjustments made during the fiscal year for which the report is submitted. Upward adjustments made during previous fiscal years should not be included because the amounts on line 2403, "Unob Bal: Unapportioned: Other," have already been adjusted downward.

Upward adjustments are limited in at least two ways:

- Upward adjustments are limited by the amount available for adjustments on line 2403, "Unob Bal: Unapportioned: Other," of the expired TAFS.
- No new obligations may be shown in the expired TAFS columns. Only upward adjustments of obligations that were incurred in the year in which the amount was available for obligation are valid, i.e., recording obligations that were incurred previously but reported in a different amount or erroneously not reported.

Obligation adjustments for contract changes. Upward adjustments to obligations in expired TAFSs, caused by "contract changes" that exceed certain cumulative thresholds, are subject to additional reporting and approval requirements as shown in the following table. A "contract change" means an order relating to an existing contract under which a contractor is required to perform additional work. A contract change does not include adjustments related to an escalation clause.

For the Department of Defense, obligational increases for contract changes are cumulative at the program, project, and activity level. For civilian agencies, such increases are cumulative at the appropriation level.

If the contract change will cause cumulative obligational increases to an appropriation to exceed	Then the agency head
\$4 million during a fiscal year	(or a designated officer in his immediate office) must approve the contract change.
\$25 million during a fiscal year	must report the contract change in writing to the appropriate authorizing committees in Congress and to the House and Senate Committees on Appropriations <i>before</i> the obligation is made. Include a description of the legal basis and policy reasons for the proposed obligation. Do <i>not</i> make or record the obligation in your accounting records until 30 days after submitting the report.

130.12 What must I do when I have extended disbursement authority?

The length of the expired phase of TAFSs may only be changed by law. You must prepare budget execution reports in accordance with <u>Appendix F</u>. Also, you must report such authority to Treasury's Bureau of the Fiscal Service to prevent premature, automatic cancellation of the TAFS.

The unobligated balance for TAFSs with extended disbursing authority will not be canceled at the end of the fifth expired year. The unobligated balance will remain in the expired phase until the TAFS is closed. For further guidance, you should consult the Treasury Financial Manual.

Normally, payment of canceled balances will not be eligible for funding from Treasury's general claims fund.

130.13 How do I report expired TAFSs that are being closed?

Expired obligated and unobligated balances must be reported as canceled on the final, September 30 SF 133 before you close the TAFS. Once an amount is reported as canceled, it should not be reported again. Note: Technically, TAFSs are "closed," while appropriations and balances are "canceled."

Cancellations of unobligated balances.

On the final, September 30 SF 133 before a TAFS will be closed, you must present all unobligated balances as canceled, i.e., as a negative (–) on line 1029, "Unob Bal: Other balances withdrawn."

On all SF 133s, other than the final, September 30 SF 133 before a TAFS will be closed, you should show recoveries of prior year unpaid obligations on line 1021, "Unob Bal: Recov of prior year unpaid obligations," as an expired resource. You should add any part of a recovery that is not used to adjust obligations to the expired unobligated balance shown on line 2403, "Unob Bal: Unapportioned: Other."

Cancellations of obligated balances.

When a TAFS is required to be closed, you must present any remaining obligated balance as canceled by doing the following:

- Include it as a cancellation (a positive number) on line 1021, "Unob Bal: Recov of prior year unpaid obligations;"
- Include it as a writeoff (a negative number) on line 1029, "Unob Bal: Other balances withdrawn;" and
- Reduce the uncollected payments, line 3090, "Ob Bal: EOY: Uncoll cust payments fr Fed srcs, EOY" to zero.

In addition to cancellations of unobligated and obligated balances, you must also address the cancellations of prepaid/advanced obligations. Because these amounts were previously reflected as disbursements, the amounts are not reflected in either of the unobligated and obligated balances.

130.14 What disbursements can I make during the canceled phase?

Legitimately incurred obligations that have not been disbursed (i.e., paid) at the time a TAFS is canceled cannot be disbursed from the canceled obligated or unobligated balances of the canceled TAFS.

After a TAFS is canceled, any obligations or adjustments to obligations that would have been properly chargeable to that TAFS may be disbursed from an unexpired TAFS that is available for obligation for the same purpose as the closed TAFS, provided that:

- The obligation or adjustment is not already chargeable to another unexpired TAFS.
- Payment of obligations against canceled TAFSs from unexpired TAFSs are limited to one percent of the appropriation in the unexpired TAFS. No more than one percent of an unexpired TAFS may be used to pay any combination of canceled obligations. This is a single, cumulative limit. It applies to one percent of the annual appropriation (not total budgetary resources) for annual TAFSs and to unexpired appropriations for multi-year TAFSs.

For example, assume there is a multi-year TAFS with an appropriation of \$10 million that covers fiscal years 1997 through 1999 that was enacted in fiscal year 1997. In fiscal year 1997, the one-percent limitation is equal to \$100,000. At the end of fiscal year 1997, \$90,000 was used. In fiscal year 1998, the unused, unexpired portion (\$10,000) of the limitation is available for upward adjustment and disbursement of an obligation from a canceled predecessor TAFS.

- Antideficiency Act provisions continue to apply to canceled TAFSs. The authority to pay obligations against closed TAFSs from one percent of unexpired TAFSs cannot be used to exceed the original appropriation.
- When you cancel obligations under the provisions of Public Law 101–510 (31 U.S.C. 1551–1557), a tracking process should be maintained. You must maintain proper U.S. Standard General Ledger (USSGL) controls for obligations pertaining to canceled appropriations to prevent overpayment. Therefore, you must maintain accurate records of balances and control of adjustments for canceled TAFSs that (1) affect the appropriation of the unexpired TAFS or (2) do not affect the appropriation of the unexpired TAFS due to offsets between/among canceled TAFSs. The Treasury's Bureau of the Fiscal Service provides USSGL accounting instructions. See http://www.fms.treas.gov/ussgl for further information.

130.15 How do I submit non-standard reports?

You must submit additional *monthly* budget execution reports when required by OMB. Submit these directly to your OMB representative. Use the SF 133 format and lines described in <u>Appendix F</u>. Provide a separate column of information for each unexpired and expired TAFS. The columns should be formatted in the following order: unexpired, expired, and total. Report amounts in whole dollars. The submission of a monthly report does not relieve you of providing an electronic submission through GTAS each quarter.

OMB's policy is to use existing agency internal reports to the greatest extent feasible to support required reports. When existing agency internal reports do not include the information necessary to provide complete information on the progress and status of programs, projects, or activities, supporting information may be required by OMB.

See section <u>20</u> on definitions, concepts, and terminology for additional guidance related to preparation of the SF 133.

130.16 How do I report lower levels of detail?

You can report lower levels of detail on the SF 133 in a variety of ways as follows:

Method	Description
Category B	If your SF 132 apportions funds on lines 6011 through 6169 "Category B" at a certain level, then you must provide the same level of detail on the lines 2002 or 2102.
Treasury Sub-account	You may need to report certain SF 133s by Treasury sub-account. OMB and you may decide that a Treasury sub-account be established to identify a certain level of detail not only on the SF 133 but also on other reports submitted to the Treasury.
	The establishment of a Treasury sub-account for an account may affect Treasury reporting requirements (such as the SF 224 Statement of Transactions).
Footnotes	For information that is integral to understanding the content of the SF 133 but cannot be reported in one of the more standardized methods described above, you may footnote any amount reported on the SF 133. If your OMB representative requires a footnote, then it must be provided.

Consult with your OMB representative to determine the best method for your situation.

130.17 How do I submit an SF 133 for allocation accounts?

The parent agency must ensure that a separate SF 133 is submitted for each allocation transfer account through GTAS. When allocation transfers are made from a parent account to allocation accounts, then an SF 133 will be submitted for each allocation account to report its activities. The parent agency will determine who will submit the information through GTAS and how. Regardless of who submits the information through GTAS, the activity of both the parent account and the allocation accounts will be reported on the parent agency's Statement of Budgetary Resources.

The parent agency may choose to: (a) gather information from all of the agencies that have allocation accounts and enter the information into GTAS, or (b) require each agency with an allocation account to enter information into GTAS and provide a copy to the parent agency.

Agencies reporting these allocation accounts will furnish information to the other agency or agencies involved in the allocation in a timely manner. Receiving agencies with allocation accounts must submit the information required to the parent agency no later than 12 calendar days following the end of the reporting period or a date required by the parent to meet its reporting and auditing deadlines, whichever comes first.

130.18 How do I submit an SF 133 for credit TAFSs?

You should submit SF 133s for credit TAFSs at the TAFS level during quarters one through three, but at the cohort level in the fourth quarter. To determine the SF 133 aggregation of credit TAFS reporting that is required for your agency, consult your OMB representative. For additional instructions for preparing the SF 133 for credit programs, see section 185.

130.19 How do I ensure that my actuals are consistent?

Amounts reported on the fourth quarter SF 133 must be consistent with information reported to Treasury as part of year-end closing procedures and must be based on actual accounting information pursuant to 31 U.S.C. 3512. Actuals submitted to OMB for inclusion in the President's annual budget, which is submitted to the Congress, should agree with those submitted to Treasury and those submitted on the fourth

quarter SF 133. If one group within your agency (for example, accounting) reports amounts to Treasury while another group (for example, the budget office) prepares budget schedules, then you must take action to ensure that the amounts reported are conceptually and numerically consistent. It may be advisable to allow the budget office to review your SF 133 information before it is submitted.

- (a) What reports of actuals should generally be the same?
 - September 30 SF 133 Report on Budget Execution and Budgetary Resources.
 - Statement of Budgetary Resources (SBR) (if required).
 - Budget Program and Financing Schedule (PY actual column).
 - Treasury Combined Statement.
 - FMS 2108 Year-end Closing Statement (used to generate Treasury Combined Statement).
 - FMS 224 Statement of Transactions (used to generate Treasury Combined Statement).
 - FMS 1219 Statement of Accountability (used to generate Treasury Combined Statement).
 - FMS 1220: Statement of Transactions (According to Appropriations, Funds and Receipt Accounts) (used to generate Treasury Combined Statement).
 - Your agency's accounting system.
- (b) What guidance is available to help me ensure that my actuals are reported consistently?
 - Section <u>82.12</u>
 - Treasury Financial Manual U.S. Government Standard General Ledger Supplement, which contains crosswalks from the USSGL to the SF 133/SBR, FMS 2108, and Program and Financing Schedule. It is available at http://www.fms.treas.gov/ussgl.
- (c) What differences should I expect between the September 30 SF 133 and the Budget Appendix?
 - The SF 133 is displayed at the TAFS level, while the *Appendix* presents consolidated information covering all TAFSs (annual, multiple-year, and no-year) with the same account title. Also, an account in the *Appendix* may contain multiple TAFSs with different titles.
 - OMB Circular No. A–11 requires that allocation transfer accounts be consolidated and reported by the parent account for budget formulation purposes. OMB Circular No. A–11 requires that allocation accounts be reported separately for budget execution purposes (see section 130.17). The sum of the information on all the SF 133s with the same account title should be the same as the information required for the *Appendix*.
 - The SF 133 is reported in dollars, while the Program and Financing schedule is in millions of dollars.
- (d) What differences should I expect among the September 30 SF 133, the Budget Appendix, and Treasury Combined Statement?
 - For trust or special funds where budget authority is limited by law, unobligated balances at the end of the fiscal year reported in the Treasury Combined Statement (column 6) may not agree with the unobligated balances reported on the SF 133 (lines 2201 through 2403) and the actual column of the Budget Program and Financing Schedule. The difference in the two amounts will represent the total end of year balance on the *Appendix*'s schedule on special and trust fund receipts (Schedule N).
- (e) What differences should I expect between the September 30 SF 133 and the Statement of Budgetary Resources?
 - The SF 133 is displayed at the TAFS level, while the Statement of Budgetary Resources is displayed at the agency level. The Statement of Budgetary Resources is displayed as a principal statement for

the agency as a whole, and must be displayed as required supplementary information for major TAFSs.

- The Statement of Budgetary Resources includes a separate column for credit financing TAFSs because they are non-budgetary.
- The Statement of Budgetary Resources includes separate lines for offsetting receipts and net outlays in order to derive the net outlays for the agency.

130.20 What is the hierarchy of spending "mixed" funding?

Where multiple types of funding are provided to a single TAFS, agencies must apply obligations, outlays, and reductions against budgetary resources in the following order:

- 1. Against amounts derived from special and trust fund receipts.
- 2. Against amounts derived from certain offsetting collections (including asset sales, interest on Federal securities, interest on uninvested funds, compulsory collections from the public or intragovernmental expenditure transfers with no benefit).
- 3. Against amounts derived from the general fund of the U.S. Treasury.

The hierarchy would not apply when a law requires that specific resources be spent for specific purposes. It would also not apply to the following types of offsetting collections since the resources are generally provided for a specific purpose and are not fungible with the other resources in the account:

- 1. Received in returns for goods or services provided, including
 - a. Reimbursements under the IPA and
 - b. Voluntary insurance premiums.
- 2. From other Federal government accounts where collections are for a jointly funded grant or project. This does not include intragovernmental expenditure transfers with no benefit.

Your accounting office will find the guidance related to the hierarchy of "mixed" funding in <u>OMB Circular No. A-136 "Financial Reporting Requirements" section II.4.5.3.</u>

Annual Account--September 30 Report

To save space, several exhibits in this section do not display lines that do not contain amounts. Exhibits F-1 and F-2 contain all lines.

SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES

							ended 9/30/CY
AGENCY: Department of Government		APPR	OPRIATION (MBOL	
BUREAU: Office of the Secretary	FY 2016	F17.001.5		Salaries and e		F77.2011	
	Unexpired	FY 2015 Expired	FY 2014 Expired	FY 2013 Expired	FY 2012 Expired	FY 2011 Expired	Total
	Account	Account	Account	Account	Account	Account	Total
BUDGETARY RESOURCES							
1000 Unob Bal: Brought forward, Oct 1		110,000	205,000	75,000	87,000	10,000	487,000
	The final	Santambar 3	30 SF 133 bef	ore an			
1021 Unob Bal: Recov of prior year unpaid obligations			will include		0	→3,500	3,500
1029 Unob Bal: Other balances withdrawn to Treasury	indicate t	he amount to	be canceled			→ 11,000	-11,000
			1				
1050 Unob Bal: Unobligated balance (total)		110,000	205,000	75,000	87,000	2,500	479,500
1100 DA D' A ' ' '	7 400 000						7 400 000
1100 BA: Disc: Appropriation							7,400,000 -1,000
1130 BA: Disc: Appropriations permanently reduced	-1,000 7,399,000						7,399,000
1160 BA: Disc: Appropriation (total)	7,399,000						7,399,000
1700 BA: Disc: Spending auth: Collected	403,000						403,000
1700 BA. Disc. Spending audi. Conceed	403,000						403,000
1910 Total budgetary resources (disc. and mand.)	7,802,000	110,000	205,000	75,000	87,000	2,500	8,281,500
STATUS OF BUDGETARY RESOURCES	.,			,,,,,,,,	,	_,	0,200,000
STATES OF BEDGETART RESOURCES							
2001 Direct obligations: Category A (by quarter)	7,601,315	50,000	85,000	45,000	27,000	2,500	7,810,815
	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	,	,	,	_,,	_,-,-	.,,
		l r	A	1' 2401.3	2402 1 11		
2201 Unob Bal: Apportioned, unexp: Avail in the current period	200,685	l I		lines 2401-2			200,685
	-	l I					
2403 Unob Bal: Unapportioned, unexp: Other		60,000	120,000	30,000	60,000		270,000
2490 Unob Bal: end of year	200,685	60,000		30,000	60,000		470,685
2500 Total budgetary resources	7,802,000	110,000	205,000	75,000	87,000	2,500	8,281,500
CHANGE IN OBLIGATED BALANCE							
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1		100,000	365,000	40,000	7,000	5,000	517,000
3010 Ob Bal: New obligations: Unexpired accounts	7,601,315						7,601,315
3011 Ob Bal: Obl ("upward adjustments"): Expired accounts		50,000		45,000	27,000		209,500
3020 Ob Bal: Outlays (gross)	-7,476,850	-100,000	-170,000	-65,000	-32,000	-4,000	-7,847,850
3041 Ob Bal: Recov, prior year unpaid obs, exp accts	124 465	50,000	280,000	20,000	2,000	-3,500	-3,500
3050 Ob. Bal: EOY: Unpaid obligations	124,465	30,000	280,000	20,000	2,000		476,465
3100 Obligated balance, start of year		100,000	365,000	40,000	7,000	5,000	517,000
3200 Obligated balance, end of year	124,465				2,000	3,000	476,465
BUDGET AUTHORITY AND OUTLAYS, NET	12 1,103	30,000	200,000	20,000	2,000		170,103
Deboli Mellomili And Ocilais, mel							
4000 Disc: Budget authority, gross	7,802,000						7,802,000
7, 6	.,,						.,,
4010 Disc: Outlays from new authority	7,476,850						7,476,850
4011 Disc: Outlays from balances	-	100,000	170,000	65,000	32,000	4,000	371,000
4030 Disc: Offsets, BA and OL: Collections fr Fed srcs	-403,000						-403,000
4070 Disc: Budget authority, net	7,399,000						7,399,000
4080 Disc: Outlays, net	7,073,850	100,000	170,000	65,000	32,000	4,000	7,444,850
4180 Budget authority, net (disc. and mand.)							7,399,000
4190 Outlays, net (disc. and mand.)	7,073,850	100,000	170,000	65,000	32,000	4,000	7,444,850

Note: Exhibit 120C illustrates the apportionment of this account.

Annual Account with Reimbursements--September 30 Report SF 133 REPORT ON BUDGET EXECUTION AND BUDGETARY RESOURCES Period ended 9/30/CY AGENCY: Department of Government APPROPRIATION OR FUND TITLE AND SYMBOL BUREAU: Government Bureau 80Y0123 Salaries and expenses Unexpired Expired Account Account BUDGETARY RESOURCES Identify in a footnote the law(s) providing budget authority 1000 Unob Bal: Brought forward, Oct 1..... 200,00 1100 BA: Disc: Appropriation..... 10,000,000 Collections of receivables from the prior year from Federal sources are entered as a positive amount on line 1700 and as a 1700 BA: Disc: Spending auth: Collected..... 1,000,000 130,000 negative adjustment on line 1701. 1701 BA: Disc: Spending auth: Chng uncoll pymts Fed src..... 130,000 1,130,000 -130.00 1750 BA: Disc: Spending auth: Total. Normally, amounts should reflect obligated amounts only on the September 30 report except for amounts in expired accounts that are offset by a reimbursable receivable or collection of an outstanding reimbursable receivable from the prior year. 11,130,000 200,000 1910 Total budgetary resources (disc. and mand.) STATUS OF BUDGETARY RESOURCES 2001 Direct obligations: Category A (by quarter)..... 9,800,000 50,000 2102 Reimbursable obligations: Category B Smith reseach..... 1,130,000 Available only for upward adjustment of 2201 Unob Bal: Apportioned, unexp: Avail in the current period...... 200,000 valid obligations incurred during the unexpired period. 2403 Unob Bal: Unapportioned, unexp: Other..... 150 000 2490 Unob Bal: end of year. 200,000 2500 Total budgetary resources 11,130,000 200,000 CHANGE IN OBLIGATED BALANCE To save space, several exhibits in this section do not display lines that do not 3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1 350.000 contain amounts. Exhibits F-1 and F-2 3010 Ob Bal: New obligations: Unexpired accounts..... 10,930,000 contain all lines. 3011 Ob Bal: Obl ("upward adjustments"): Expired accounts...... 50,000 3020 Ob Bal: Outlays (gross)...... -10,580,000 -55,000 3050 Ob Bal: EOY: Unpaid obligations 345,000 350,000 3060 Ob Bal: SOY: Uncoll pymt Fed src brought fwd Oct 1..... -130,000 3070 Ob Bal: Change, uncoll pymt, Fed src, unexp..... -130,000 3071 Ob Bal: Change, uncoll pymt, Fed src, exp..... 130,000 3090 Ob Bal: EOY: Uncoll cust pymt, Fed src, EOY..... -130,000 3100 Memo: Obligated balance, start of year..... 220,000 3200 Memo: Obligated balance, end of year.. BUDGET AUTHORITY AND OUTLAYS, NET 4000 Disc: Budget authority, gross..... 11,130,000 4010 Disc: Outlays from new authority..... 10.580.000 4011 Disc: Outlays from balances. 55,000 4030 Disc: Offsets, BA and OL: Collections fr Fed srcs..... -1.000.000-130,000 4050 Disc: Offset, BA: Chng in uncol pay, Fed src, unex..... -130,000 130,000 4070 Disc: Budget authority, net..... 10,000,000 4080 Disc: Outlays, net. 55,000 9,450,000 4180 Budget authority, net (disc. and mand.)..... 10.000.000 4190 Outlays, net (disc. and mand.). 9,450,000

No-Year Account--Quarterly Report

SF 133 REPORT ON BUDGET EXECUTION AND BUDGET	'ARY RESOU	RCES Period ended 6/3
GENCY: Department of Government	APPROPRIATIO	Period ended 6/3 ON OR FUND TITLE AND SYMB
UREAU: Bureau of Central Services	-1	09 Research and development
	X	
	Unexpired	
	Account	
BUDGETARY RESOURCES		
		East various discounts
1000 Unob Bal: Brought forward, Oct 1	1,610,000	For unexpired accounts, these entries reflect
1021 Unob Bal: Recov of prior year unpaid obligations.		estimated and anticipated
1033 Unob Bal: Recov of prior year paid obligations.		downward adjustments of
1041 Unob Bal: Antic recov of prior year unpd/pd obl		obligations reported in prior years.
1050 Unob Bal: Unobligated balance (total)		prior years.
1100 BA: Disc: Appropriation	25,000,000	
1130 BA: Disc: Appropriations permanently reduced.		
1160 BA: Disc: Appropriation (total)	24,800,000	
1700 BA: Disc: Spending auth: Collected		
1740 BA: Disc: Spending auth:Antic colls, reimbs, other		
1750 BA: Disc: Spending auth: Total.	378,000	
1900 DA. Mandi Caandina auth. Callanta 1	12 000	
1800 BA: Mand: Spending auth: Collected	. 12,000	Line 1910 should
1910 Total budgetary resources (disc. and mand.)	26,960,000	equal line 2500.
STATUS OF BUDGETARY RESOURCES		
		Note that the program
2001 Direct obligations: Category A (by quarter) Salaries	. 294,320	reporting categories used
2001 Direct obligations: Category A (by quarter) All Other	. 59,680	in Exhibit 121O are re-
2002 Direct obligations: Category B Research Air	. 5,497,700	printed on this portion of the SF 133.
2002 Direct obligations: Category B Research Water	. 5,743,350	the SF 155.
2002 Direct obligations: Category B Research All Other	788,750	
2002 Direct obligations: Category B Development of products Air	. 3,890,250	
2002 Direct obligations: Category B Development of products Water	3,093,750	
2101 D : 1	5 000	This entry is the difference
2101 Reimbursable obligations: Category A (by quarter) Salaries		between apportionments thro
2102 Reimbursable obligations: Category B Development of products Air		the end of the current quarter
2102 Reimbursable obligations: Category B Development of products Water		the obligations incurred unde those apportionments through
2102 Reimbursable obligations: Category B Development of products All Other	89,450	end of the reporting period.
2201 Unob Bal: Apportioned, unexp: Avail in the current period		4
2202 Unob Bal: Apportioned, unexp: Avail in subsequent periods	4,000,000	
2400 H. H. at H. L. at H. J. at H. At H	7 204 000	
2490 Unobligated balance, end of year.	7,304,000 26,960,000	Amounts for lines
2500 Total budgetary resources. CHANGE IN OBLIGATED BALANCE	20,700,000	2200 through 2202 should be consistent
CHANGE IN OBEIGNIED BREANCE		with amounts on the
3000 Ob Bal: SOY: Unpaid obs brought forwd, Oct 1	407,500	latest SF 132.
3010 Ob Bal: New obligations: Unexpired accounts.		
3020 Ob Bal: Outlays (gross)	-19,605,100	<u> </u>
3040 Ob Bal: Recov, prior year unpaid obs, unexp accts		\
3050 Ob Bal: EOY: Unpaid obligations		This amount must agre
		with the amount report
3100 Memo: Obligated balance, start of year		on line 3100 of the fina
3200 Memo: Obligated balance, end of year	448,400	SF 133 for the preceding year.
BUDGET AUTHORITY AND OUTLAYS, NET		year.
DUDGET AUTHORITY AND OUTLAYS, NET		
4000 Disc: Budget authority, gross.	25,178,000	
5 376		
4010 Disc: Outlays from new authority		
4011 Disc: Outlays from balances.		
4020 Disc: Total outlays, gross.		
4030 Disc: Offsets, BA and OL: Collections fr Fed srcs	-187,000	
4055 Disc: Offsets, BA only: Antic offsetting collect.	-191,000	
4070 Disc: Budget authority, net		
4080 Disc: Outlays, net.		
4180 Budget authority, net (disc. and mand.)		
4190 Outlays, net (disc. and mand.)	19,396,100	

Multi-Year Account Apportioned for Two Fiscal Years

GENCY:	Department of Government	APPROPRIAT	ION OR FUND TITLE AND SYMBO
	Bureau of Central Services	89-16/17-010	00 Salaries and Expenses
		89-16/17-0100	
		Unexpired	
		Account	_
	BUDGETARY RESOURCES		To save space, several exhibits
1100	BA: Disc: Appropriation	100,000	this section do not display lines that do not contain amounts. Exhibits F-1 and F-2 contains a lines.
1910	Total budgetary resources (disc. and mand.)	100,000	
2001		48,000	
2001	Direct obligations: Category A (by quarter)	48,000	
2201	Unob Bal: Apportioned, unexp: Avail in the current period	2,000	
2202	Unob Bal: Apportioned, unexp: Avail in subsequent periods	50,000	
2490	Unob Bal: end of year	52,000	
2500	Total budgetary resources	152,000	
2300	CHANGE IN OBLIGATED BALANCE	132,000	
	CHANGE IN OBLIGATED BALANCE		
3010	Ob Bal: New obligations: Unexpired accounts	48,000	
3020	Ob Bal: New obligations. Chexpired accounts. Ob Bal: Outlays (gross)	· ·	
	• •		
3050	Ob Bal: EOY: Unpaid obligations	28,000	
3200	Memo: Obligated balance, end of year	28,000	
	BUDGET AUTHORITY AND OUTLAYS, NET		
4000	Disc: Budget authority, gross	100,000	
4010	Disc: Outlays from new authority	20,000	
4070	Disc: Budget authority, net	100,000	
4080	Disc: Outlays, net.	20,000	
4180 4190	Budget authority, net (disc. and mand.) Outlays, net (disc. and mand.)	100,000 20,000	

Public Enterprise (Revolving) or Intragovernmental (Revolving) Fund--Quarterly Report

ENCY:	Department of Government	APPROPRIATIO	ON OR FUND TITLE AND SYMBOL
REAU:	Government Enterprise Corp.		Government Enterprise Corp. fund.
		X Unexpired	
		Account	
	BUDGETARY RESOURCES		
1000	Unob Bal: Brought forward, Oct 1	83,583,738	
1022	Unob Bal: Capital transfer to general fund.	-15,000,000	
1023	Unob Bal: Applied to repay debt		
1050	Unob Bal: Unobligated balance (total)	62,826,938	
1100	BA: Disc: Appropriation.	4,100,000	
1700	BA: Disc: Spending auth: Collected	33,250,500	
1701	BA: Disc: Spending auth: Conceted		
1740	BA: Disc: Spending auth: Antic colls, reimbs, other		
1750	BA: Disc: Spending auth: Total	70,806,300	
1910	Total budgetary resources (disc. and mand.)	137,733,238	
	STATUS OF BUDGETARY RESOURCES		
2101	Reimbursable obligations: Category A (by quarter)	1,200,000	
2102	Reimbursable obligations: Category B Management services	12,000,000	Lines 2002 and 2102 must be
2102	Reimbursable obligations: Category B Sales program		consistent with the Apportionme
2102	Reimbursable obligations: Category B Power program	10,000,000	Category B detail amounts.
2201	Unob Bal: Apportioned, unexp: Avail in the current period	29,016,600	
2202	Unob Bal: Apportioned, unexp: Avail in subsequent periods		
2402	Hart Balt Harman diseased assessment Others	70.292.028.4	For revolving funds, this
2403	Unob Bal: Unapportioned, unexp: Other	79,282,038	amount will agree with the
2490	Unob Bal: end of year	109,533,238	amount reported on lines 618 6181, and 6182 of the latest
2500	Total hydrotomy magaziness	127 722 220	approved SF 132 plus upware adjustments in income until a
2300	Total budgetary resources	137,733,238	reapportionment request is
3000	Ob Bal: SOY: Unpaid obs brought forwd, Oct 1	5,621,800	approved.
3010	Ob Bal: New obligations: Unexpired accounts		
3020	Ob Bal: Outlays (gross)		
3050	Ob Bal: EOY: Unpaid obligations	6,437,204	
3070	Ob Bal: Change, uncoll pymt, Fed src, unexp	-700,000	
3090	Ob Bal: EOY: Uncoll cust pymt, Fed src, EOY	700,000	
3100	Memo: Obligated balance, start of year.	5,621,800	
3200	Memo: Obligated balance, end of year		
	BUDGET AUTHORITY AND OUTS AND AND		
4000	BUDGET AUTHORITY AND OUTLAYS, NET Disc: Budget authority, gross	74,906,300	
40.55	Pi O d C d C		
4010 4011	Disc: Outlays from new authority		
4020	Disc: Total outlays, gross.		
4030	Disc: Offsets, BA and OL: Collections fr Fed srcs		
4050 4053	Disc: Offsets, BA: Change in uncol pay, Fed srcs, unex Disc: Offsets, BA only: Antic offsetting collect		
4060	Disc: Offsets, BA only: Antic offsetting coffect. Disc: Additional offsets against BA only (total).		
	, (· · ·) · · · · · · · · · · · · · · ·		
4070	Disc: Budget authority, net		
4080	Disc: Outlays, net.	-5,865,904	
4180	Budget authority, net (disc. and mand.)	4,100,000	
4190	Outlays, net (disc. and mand.).		

Annual Account - Advance Appropriation

	Department of Government		ON OR FUND TITLE AND SYMBO
UREAU:	Bureau of Central Services	80-16-1309 Res FY 2016	earch and development
		Unexpired	
		Account	
	BUDGETARY RESOURCES	recount	
1170	BA: Disc: Advance appropriation	7,400,000	Report advance appropriations in the period in which the funds become available for obligation and not before.
			For example, an advance appropriation of 7,400,000 in fiscal year 2015 appropriations act that will become available for obligations in fiscal year
1910	Total budgetary resources (disc. and mand.)	7,400,000	2016 should be included on line 1170 in the fiscal year 2016 SF
	STATUS OF BUDGETARY RESOURCES		1170 in the fiscal year 2016 SF 133.
2001	Direct obligations: Category A (by quarter)	7,000,000	
2201	Unob Bal: Apportioned, unexp: Avail in the current period	400,000	
2490	Unob Bal: end of year	400,000	
2500	Total budgetary resources	7,800,000	To save space, several exhibits this section do not display lines
2010	Ol. Dal. Name aldinations. He associated	7 000 000	that do not contain amounts.
3010 3020	Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross)	7,000,000 -5,000,000	Exhibits F-1 and F-2 contain all lines.
3050	Ob Bal: Outlays (gross)	2,000,000	inics.
3030	Ob Bail EO 1. Clipaid congadons	2,000,000	
3200	Obligated balance, end of year	2,000,000	
	DUDGET AUTHODITY AND OUTH AND MET		
	BUDGET AUTHORITY AND OUTLAYS, NET		
4000	Disc: Budget authority, gross	7,400,000	
4010	Disc: Outlays from new authority	5,000,000	
4070	Disc: Budget authority, net	7,400,000	
4080	Disc: Outlays, net	5,000,000	
4180	Budget authority, net (disc. and mand.)	7,400,000	
4190	Outlays, net (disc. and mand.)	5,000,000	

Annual Account--Reappropriation

When a law extends the period of availability of an amount that, in the absence of the law, would have expired, the amount is reappropriated.

AGENCY: Department of Government	APPROPRIA	Period ended 9/30
BUREAU: Bureau of Central Services		9 Research and development
Series Burday of Contain Services	FY 2015	Treseuren und development
	Unexpired	
BUDGETARY RESOURCES	onenpireu .	
1000 Unob Bal: Brought forward, Oct 1		
100 BA: Disc: Appropriation	200	
131 BA: Disc: Unob bal of approps permanently reduced		
910 Total budgetary resources (disc. and mand.)	200	
STATUS OF BUDGETARY RESOURCES		
2201 Unob Bal: Apportioned, unexp: Avail in the current period 2490 Unob Bal: end of year year	200 200 ·	The amount that had been part of an unobligated balance (line 2490) in a previous period
2500 Total budgetary resources	200	

AGENCY: Department of Government	APPROPRIA		Period ended 12/31/C	
BUREAU: Bureau of Central Services	80Y1309 Research and development			
	FY 2016	FY 2015		
	Unexpired	Expired		
BUDGETARY RESOURCES				
1000 Unob Bal: Brought forward, October 1		100	appropriation (line 1105) in the	
1105 BA: Disc: Reappropriation	100	-	period in which it becomes available.	
1131 BA: Disc: Appropriations permanently reduced		-100	Report the	
1910 Total budgetary resources (disc. and mand.)	100	-	reduction on	
STATUS OF BUDGETARY RESOURCES			line 1131.	
2001 Direct obligations: Category A (by quarter)				
2201 Unob Bal: Apportioned, unexp: Avail in the current period	100			
2500 Total budgetary resources	100	_		

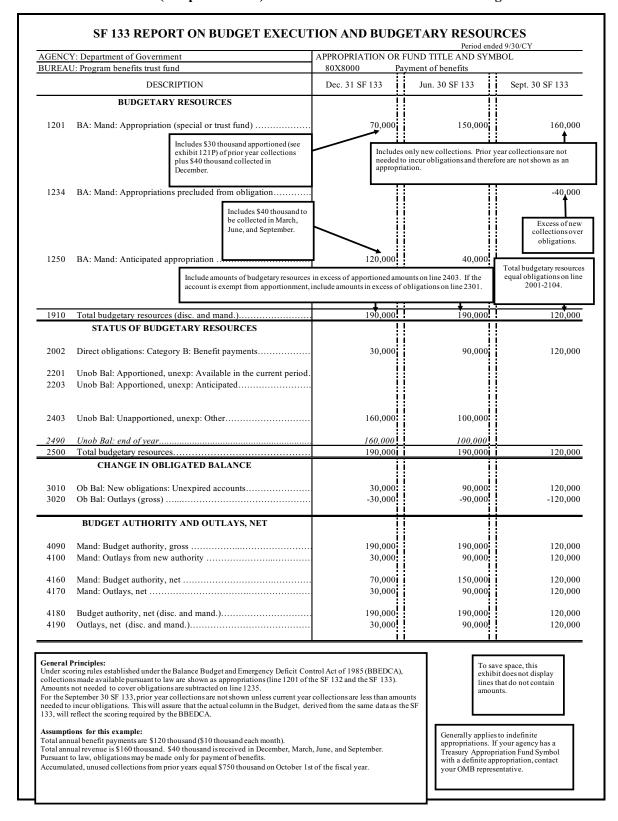
SF 133 Net Outlay Formula

The following is the outlay formula to be used to check the internal consistency of the SF 133.

 $Net\ Outlays = Lines\ (2001\ through\ 2003\ +\ 2101\ through\ 2103)\ -\ (1700+1701+1800+1801+1021+1033)\ +\ 3000\ \pm\ 3001\ -\ 3060\ \pm\ 3061\ \pm\ 3030)\ +\ 3000\ \pm\ 3001\ -\ 3060\ \pm\ 3061\ \pm\ 3030)\ +\ 3000\ \pm\ $\pm 3031 \pm 3080 \pm 3081$ - (3050-3090) Step 2: Subtract the sum of the following lines: Spending authority from offsetting collections (gross) Line 1700--Collected. 187,000 Line 1701--Change in uncollected customer payments from Federal sources (+ or -). Line 1800--Collected. 12,000 Line 1801--Change in uncollected customer payments from Federal sources (+ or -). Recoveries of prior year unpaid and paid obligations Line 1021--Recoveries of prior year unpaid obligations. 76,000 Line 1033-Recoveries of prior year paid obligations. 10,000 285,000 -285,000 Sum. Step 3: Add the sum of the following lines: Unpaid obligations, start of year Line 3000--Unpaid obligations, brought forward, October 1 407,500 Line 3001--Adjustments to unpaid obligations, brought forward, October 1 (+ or -). 0 Uncollected payments, start of year Line 3060--Uncollected customer payments from Federal sources, brought forward, October 1 (-)..... 0 Line 3061--Adjustments to uncollected customer payments from Federal sources, brought forward, October 1 (+ or -).. 0 407,500 407,500 Sum. Step 4: Add (if positive) or subtract (if negative) the sum of the following lines: Unpaid obligation transfers Line 3030--Unpaid obligations transerred to other accounts (-). 0 Line 3031--Upaid obligations transferred from other accounts. 0 Uncollected payment transfers Line 3080--Uncollected customer payments from Federal sources transferred to other accounts.... 0 Line 3081--Uncollected customer payments from Federal sources transferred from other accounts (-)..... 0 Sum. 0 0 Step 5: Subtract the sum of the following lines: Unpaid obligations, end of year Line 3050--Unpaid obligations, end of year 382,400 Uncollected payments, end of year Line 3090--Uncollected customer payments from Federal sources, end of year (-). Sum..... 382,400 -382,400 Net Outlays: Line 4010--Outlays from new discetionary authority 19,605,100 Line 4011--Outlays from discretionary balances. Line 4030--Federal sources (-). -197,000 Line 4031--Interest on Federal securities (-). Line 4033--Non-Federal sources (-). 0 Line 4034--Offsetting governmental collections (from non-Federal sources) (-)..... 0 Line 4110--Total outlays, gross. 0 Line 4120--Federal sources (-)... Line 4121--Interest on Federal securities (-). 0 Line 4122--Interest on uninvested funds (-). 0 -12,000 Line 4123--Non-Federal sources (-). Line 4124--Offsetting governmental collections (from non-Federal sources) (-)...._______ 0 19,396,100 Result: This should be the sum of lines 4010 + 4011+ (4030 through 4034) + 4110+ (4120 through 4124).....

Note: These amounts come from Exhibit 130C

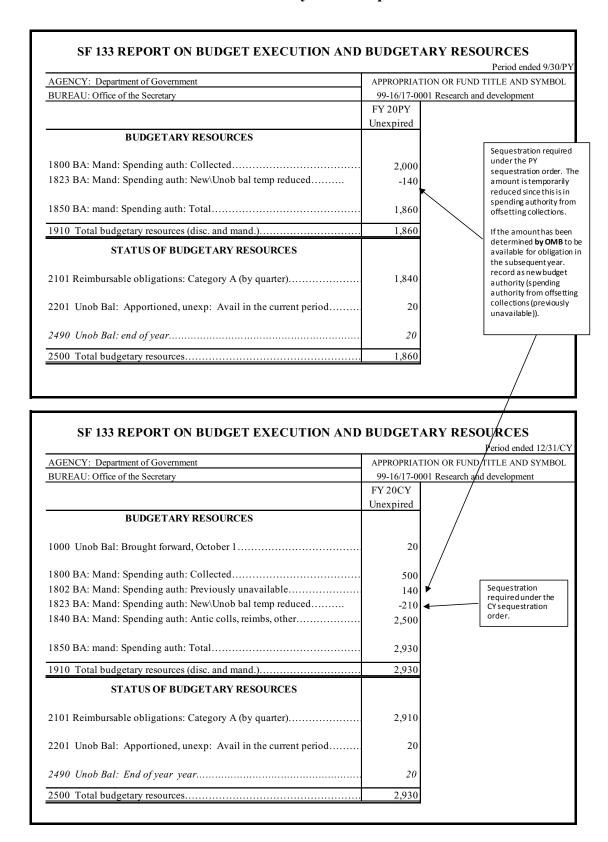
Trust Fund (or Special Fund) with Collections Precluded from Obligation



Appropriation Reduced by Offsetting Collections and Receipts

		T EXECUTION				Period end	led 9/30/CY
	: Department of Government Government Bureau			+		ION OR FUND TITLE. 2011 Salaries and expens	
UKLAU.	Government Bureau			Dec	2. 31 SF 133	Jun. 30 SF 133	Sept. 30 SF 133
				U	Inexpired	Unexpired	Unexpired
	BUDGETARY RESOURCES			<u> </u>	Account	Account	Account
	Deboemar Resources				įį	į	į
1100	BA: Disc: Appropriation		 I		65,000,000	19,250,000	4,000,00
	For the first three quarters, use line 1153 to reduce the total resources by the anticipated amount of collections whether expenditure account or deposited to a receipt account. Since the amount appropriated 65,000,000 is initially derived General Fund of the U.S. Treasury, this mechanism is necess avoid double counting the total budgetary resources.	ed from the	offsetting co in a final fise the General amount of ac year on the S	eal year Fund of ctual of Septem	ns 61,000,000 rec r appropriation of f the U.S. Treasu fsetting collection ber 30 SF 133.	0 is reduced by the am releved during the fisca f 4,000,000. The amor ry 65,000,000 should ins 61,000,000 received	l year so as to resu unt derived from be reduced by the ed during the fiscal
						r deposited to a receip	
1136	BA: Disc: Approps rdc by offset coll(coll)/recpts			7		~ 0	i
1153	BA: Disc: Antic redc to apprp by offst coll/recpt		<u> </u>		65,000,000	-19,250,000	
1700	BA: Disc: Spending auth: Collected	if offsetting colle	ld show on line 11 ections were credi	ited		45,750,000	61,000,0
1740	BA: Disc: Spending auth: Antic colls, reimbs, other	to the Treasury A Symbol but the a	eipts were transfer Appropriation Fun agency was waitin	ıd ıg for	65,000,000	19,250,000	! !
1750	BA: Disc: Spending auth: Total	reduced the amo	oropriation warran unt derived from the US Treasaury.	the	65,000,000	65,000,000	65,000,0
1910	Total budgetary resources (disc. and mand.)				65,000,000	65,000,000	65,000,0
	STATUS OF BUDGETARY RESOUR	RCES			ij	i	į
2001	Direct obligations: Category A (by quarter)				16,350,000	49,050,000	64,688,0
	Unob Bal: Apportioned, unexp: Avail in the current p			displ conta		exhibits in this section contain amounts. E	312,0
				displ conta	ay lines that do nains all lines.	ot contain amounts. E	312,0
2490	Unob Bal: end of year Total budgetary resources.			displ conta	ay lines that do nains all lines.	ot contain amounts. E	312,0
2490	Unob Bal: end of year			displ conta	ay lines that do n ains all lines. 48,650,000	15,950,000	312,0
2490 2500	Unob Bal: end of year Total budgetary resources.	NCE		displ conta	ay lines that do n ains all lines. 48,650,000	15,950,000	312,0 312,0 312,0 65,000,0
2490 2500 3010 3020	Total budgetary resources. CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross)	NCE		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 -16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 -49,010,000	312,0 312,0 65,000,0 64,688,0 -64,675,0
2490 2500 3010 3020	Unob Bal: end of year Total budgetary resources CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts	NCE		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000	15,950,000 15,950,000 65,000,000 49,050,000	312,0 312,0 65,000,0 64,688,0 -64,675,0
2490 2500 3010 3020 3050	Total budgetary resources. CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross)	NCE		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 -16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 -49,010,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0
2490 2500 3010 3020 3050	Total budgetary resources CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross) Ob Bal: EOY: Unpaid obligations	NCE		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000	15,950,000 15,950,000 65,000,000 49,050,000 -49,010,000 40,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0
2490 2500 3010 3020 3050 3200	Total budgetary resources	NCE 		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000	15,950,000 15,950,000 65,000,000 49,050,000 -49,010,000 40,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0
22490 33010 33020 33050 33200 44000 44010	Total budgetary resources CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross) Ob Bal: EOY: Unpaid obligations Memo: Obligated balance, end of year BUDGET AUTHORITY AND OUTLAY Disc: Budget authority, gross Disc: Outlays from new authority	NCE (S, NET		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000 #VALUE! 16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 49,010,000 40,000 84,250,000 49,010,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0 13,0 65,000,0 64,675,0
22490 33010 33020 33050 33200 44000 44010	Unob Bal: end of year CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross) Ob Bal: EOY: Unpaid obligations Memo: Obligated balance, end of year BUDGET AUTHORITY AND OUTLAY Disc: Budget authority, gross	NCE (S, NET		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000 #VALUE!	15,950,000 15,950,000 65,000,000 49,050,000 -49,010,000 40,000 40,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0 13,0 65,000,0 64,675,0
2500 2500 3010 3020 3050 4000 4010 4020	Total budgetary resources CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross) Ob Bal: EOY: Unpaid obligations Memo: Obligated balance, end of year BUDGET AUTHORITY AND OUTLAY Disc: Budget authority, gross Disc: Outlays from new authority	NCE		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000 #VALUE! 16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 49,010,000 40,000 84,250,000 49,010,000	312,0 312,0 312,0 65,000,0 64,688,0 -64,675,0 13,0 13,0 65,000,0 64,675,0 64,675,0
2500 3010 3020 3050 3200 4000 4010 4020 4030	Total budgetary resources CHANGE IN OBLIGATED BALAN Ob Bal: New obligations: Unexpired accounts Ob Bal: Outlays (gross) Ob Bal: EOY: Unpaid obligations Memo: Obligated balance, end of year BUDGET AUTHORITY AND OUTLAY Disc: Budget authority, gross Disc: Outlays from new authority Disc: Total outlays, gross	NCE YS, NET		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000 #VALUE! 16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 49,010,000 40,000 40,000 40,000 40,000 49,010,000 49,010,000	
2201 2490 2500 3010 3020 3050 3200 4000 4010 4020 4030 4055 4070 4080	Total budgetary resources	NCE (S, NET		displ	ay lines that do n ins all lines. 48,650,000 48,650,000 65,000,000 16,350,000 140,000 140,000 #VALUE! 16,210,000 16,210,000 16,210,000	15,950,000 15,950,000 65,000,000 49,050,000 49,010,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000 40,000	312,0 312,0 312,00 65,000,0 64,688,0 -64,675,0 13,0 13,0 65,000,0 64,675,0 64,675,0

Multi-year account, Temporary Sequestration of Spending Authority from Offsetting Collections and Availability in Subsequent Year

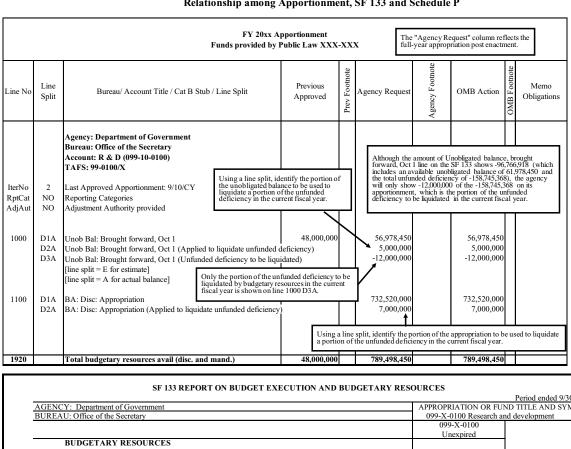


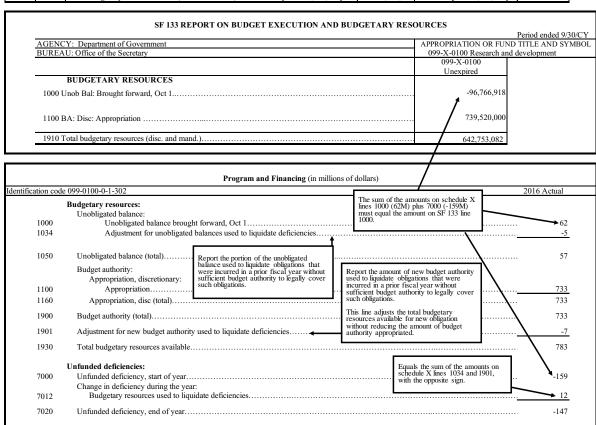
Refunds of Prior Fiscal Year Paid Obligations in Unexpired and Expired Treasury Appropriation Fund Symbols: Relationship between SF 133 and Schedule P

			Period ended 9/3
AGENCY: Department of Government	APPROPR	LIATION OR FUN	D TITLE AND SYMI
BUREAU: Office of the Secretary	099-0001 Research and development		
	099-0001	099-0001	
	Unexpired	Expired	
BUDGETARY RESOURCES			
1033 Unob Bal: Recov of prior year paid obligations	. 100	25	
1700 BA: Disc: Spending auth: Collected	. 15	40	
1701 BA: Disc: Spending auth: Chng uncoll pymts Fed src		(40)	
1750 BA: Disc: Spending auth: Total	15	-	
1910 Total budgetary resources (disc. and mand.)	. 115	25	
BUDGET AUTHORITY AND OUTLAYS, NET			
4000 Disc: Budget authority, gross	. 15	40	
4030 Disc: Offsets, BA and OL: Collections fr Fed srcs	(115)	(65)	
4053 Disc: Offset, BA: Recov, prior year paid obs, unex	100	` ´	
4054 Disc: Offset, BA: Recov, prior year paid obs, exp		25	
4070 Disc: Budget authority, net		-	

ication co	ode 099-0001-0-1-302	016 Actual
	Budgetary resources:	
	Unobligated balance:	
1033	Unob Bal: Recov of prior year paid obligations	100
	Budget authority:	
	Spending authority from offsetting collections, discretionary:	
1700	Collected	15
1750	Spending auth from offsetting collections, disc (total)	15
	Budget authority and outlays, net:	
	Discretionary:	
4000	Budget authority, gross.	15
	Offsets against gross budget authority and outlays:	
4030	Federal sources	(180)
4040	Offsets against gross budget authority and outlays (total)	(180)
	Additional offsets against gross budget authority only:	
4052	Offsetting collections credited to expired accounts	65
4053	Recoveries of prior year paid obligations, unexpired accounts	100
4060	Additional offsets against budget authority only (total)	165
4070	Budget authority, net (discretionary).	-
4180	Budget authority, net (total)	_

Unfunded Deficiencies Where Deficiency is Not Fully Funded in Year One: Relationship among Apportionment, SF 133 and Schedule P





SECTION 135—PROCEDURES FOR MONITORING FEDERAL OUTLAYS

Table of Contents						
135.1 135.2 135.3 135.4 135.5 135.6 135.7 135.8 135.9	What is the purpose of these procedures? Who is required to submit a plan? What are the general reporting requirements? What are the reporting requirements for large transactions? What are the requirements for investment account reporting? What are the requirements for credit financing account reporting? What are the requirements for asset sale reporting? What are the responsibilities of OMB and the Treasury Department? When do I submit reports?					
Ex-135A Ex-135B Ex-135C Ex-135D Ex-135E Ex-135F	Reports on Outlays—Agency and Program Coverage Reports on Outlays—Initial Report Large Transactions Reporting Format Investment Account Reporting Format Financing Account Reporting Format Asset Sales Reporting Format					
Summary of Changes						
Updates timing of spring quarterly exercise (section <u>135.9</u>).						
Updates lis	st of agencies/programs that are required to submit plans (exhibit 135A).					
Clarifies instructions for the automated collection application (exhibit <u>135B</u>).						

135.1 What is the purpose of these procedures?

Cabinet departments and certain agencies submit reports on Federal outlays to assist in monitoring spending and to improve Treasury Department forecasts of the Government's daily cash operating balances, borrowing requirements, and debt subject to legal limits, including trust and special fund investment activity. Realistic estimates, particularly for the immediate six-month period, enable Treasury to borrow only amounts needed to finance Government activities, thus reducing interest costs.

OMB needs reports on Federal outlays to monitor the deficit/surplus and to assess the reliability of each agency's financial management system. Reports are also used by Treasury for its monthly review of "Statement of Transactions" reporting, prior to publication of the *Monthly Treasury Statement of Receipts and Outlays of the U.S. Government (Monthly Treasury Statement* or MTS), and for periodic evaluations of the accuracy of the reports. These plans must be as accurate as possible—an inability to forecast spending with reasonable accuracy can be a weakness in program and financial management. Problems of this nature need the attention of OMB and the agencies alike.

135.2 Who is required to submit a plan?

If your department or agency is listed in exhibit 135A, prepare a monthly outlay plan for the current and budget years as required by OMB and Treasury and submit periodic reports on and revisions to that plan. Coverage of the reports should be identical to the coverage in the annual budget documents and should include outlay information for all appropriations and funds administered by your department or agency.

OMB and/or Treasury may require a forecast of deposit fund activity for specific agencies and will notify you of this requirement.

OMB and Treasury have implemented a web-based system for collecting monthly outlay plan information, which can be found at https://mop.max.gov. The historical database of outlay plan information that results from this effort can improve outlay forecasting abilities government-wide.

The system will preload and display actual outlays reported in the MTS and full fiscal year estimates from the most recent Budget or Mid-Session Review (MSR). Please reconcile any discrepancies between the data in the system and the data you expect with your OMB contact. Agencies should then enter estimates of expected outlays for months where actual outlays are not yet available.

135.3 What are the general reporting requirements?

Agencies must report their updated monthly outlay plans on a quarterly basis. Base estimates on your most realistic estimates of the amount to be spent by month in the period(s) covered by the report. Use the President's most recent annual Budget or MSR estimates as a base, but update those estimates to reflect subsequent Congressional or administrative actions, including both completed actions and those that are almost certain to be completed. Plans should also reflect the latest economic trends and other expected events on a realistic basis.

Budget and MSR estimates serve as reference points only, not as targeted fiscal year totals. <u>Do not force</u> estimated monthly totals to conform to the Budget or MSR totals if those totals are not consistent with your best, most recent information at the time the forecast is prepared. If realistic estimates yield differences between agency and official estimates, then knowing this difference is critical to Treasury's general financing requirements and medium and long-term planning. The format for agency reports (exhibit <u>135B</u>) includes columns for "Budget estimates" (or "MSR estimates") and "Differences" that will highlight changes from the most recent official estimates.

Between submission dates, you should provide updated plans to OMB and Treasury whenever there are significant changes in agency outlay totals (\$500 million or more), large transactions (\$50 million or more; see *Treasury Financial Manual* (TFM), Volume 1, Part 6, Chapter 8500), or patterns (such as those that may be associated with an unanticipated increase in claims for an entitlement program or a change in the timing or amount of upward or downward credit reestimates between budgetary program and non-budgetary financing accounts). You should also cooperate with OMB and Treasury by providing additional details as requested.

You must submit with each outlay plan a brief summary explaining the assumptions used in developing the plan and any unusual or special circumstances affecting the plan. The summary is instrumental in Treasury's assessment of the reliability of the estimates and must be included with all outlay report submissions. The summary will, for example, enumerate expected congressional actions that will raise or lower estimates, discuss any other events that have caused or are expected to cause significant fluctuations in the normal outlay pattern, and specify whether they have been included or excluded from the plan. Summaries are to be uploaded as attachments in the web-based system. A comment added to the plan in the system can be used in place of the summary in cases where the estimates are exclusively based on historical patterns and not on economic/legislative assumptions.

135.4 What are the reporting requirements for large transactions?

In order to improve Treasury's ability to manage the Government's daily cash position and to make more informed financing decisions, all agency financial officers are required to provide advance notice of all large deposits and withdrawals. "Large transaction" refers to a single payment or deposit or a group of payments or deposits of \$50 million or more of a similar nature that occur, typically, on one day. You must identify large cash and non-cash payment and deposit transactions. (See TFM, Volume 1, Part 6, Chapter

8500.) Large transactions may be recurring, i.e., monthly, quarterly, semi-annual, or annual. Cash transactions result in a decrease or increase in Treasury's operating cash balance. Non-cash transactions are typically transfers between general fund and trust fund, deposit fund, or financing accounts.

The amount of advance notice varies from two to five business days or more prior to the transaction date, depending on the size of the transaction. CASH TRACK Web (CTW) is currently the predominant mechanism for reporting large transactions to Treasury. Please contact the Cash Forecasting Division (Fiscal Service, Department of the Treasury (202) 874–9790), to set up your account on CTW, for large dollar notification reporting and for further information regarding TFM Chapter 8500. Additionally, projections of all non-recurring transactions in excess of \$1 billion that have a high probability of occurrence beyond the five-day window must be sent to Treasury's Office of the Fiscal Assistant Secretary (OFAS), Office of Fiscal Projections (OFP) as soon as they are identified. This would include transactions that may occur up to a year in advance (for example, large non-recurring expenditures or a planned large asset sale). Communication with other Treasury offices does not replace the requirement of separate notification to OFP by the Federal agencies (outlays@treasury.gov). The CTW user access will allow a Federal agency to add, update, delete, search, list, and view reported large dollar notifications. Exhibit 135C provides an example of the CTW format for reporting large transactions. The older large transaction reporting format (Form FMS-187) also remains available as a format for reporting large transactions.

The point of contact for a large transaction should be the individual who is responsible for ensuring that Treasury is informed *between submission dates* of revisions to dollar amount, transaction date, or any special circumstances related to the transaction. This individual is typically in your program and/or finance office.

Selected examples of large transactions:

• Department of Agriculture:

Federal Crop Insurance Corporation Fund Premium collections and disbursements Commodity Credit Corporation payments and receipts

Department of Defense—Military Programs:

International Restoration payments and receipts
Defense Vendor payments
Tricare payments
Military Active Duty payments

• Defense Security Cooperation Agency:

Payments to Security Assistance

• Department of the Interior:

Bureau of Land Management:
Oregon and California Grant Lands payments
Office of the Secretary:
Payments in Lieu of Taxes

• Department of the Treasury:

Resolution Funding Corporation Collections and Disbursements Comptroller of the Currency: Assessment collections

• International Assistance Programs:

Agency for International Development: Economic Support Fund payments Economic Assistance loans and repayments Federal Communications Commission spectrum auction activity

135.5 What are the requirements for investment account reporting?

Departments that administer major investment accounts are required to submit reports of investment account income and outgo in the format of exhibit 135D. These reports enable Treasury to forecast the effect of investment transactions on debt subject to statutory limit. Reports are required for the following investment accounts:

• Department of Health and Human Services:

Federal Hospital Insurance Trust Fund Federal Supplementary Medical Insurance Trust Fund

• Department of Housing and Urban Development:

FHA-Mutual Mortgage and Cooperative Housing Insurance Fund Liquidating Account

• Department of Labor:

Unemployment Trust Fund

Pension Benefit Guaranty Corporation Fund

• Department of State:

Foreign Service Retirement and Disability Fund

• Department of Transportation:

Highway Trust Fund

Airport and Airway Trust Fund

• Major Independent Agencies:

Environmental Protection Agency:

Hazardous Substance Superfund Trust Fund

• Office of Personnel Management:

Civil Service Retirement and Disability Fund

Federal Employees Life Insurance Fund

Federal Employees and Retired Employees Health Benefits Funds

Postal Service Retiree Health Benefits Fund

Social Security Administration:

Federal Old-Age and Survivors Insurance Trust Fund

Federal Disability Insurance Trust Fund

• Other Defense—Civil Programs:

Military Retirement Fund

Department of Defense Medicare-Eligible Retiree Health Care Fund

• Other Independent Agencies:

Railroad Retirement Board:

Rail Industry Pension Fund

National Railroad Retirement Investment Trust

Railroad Social Security Equivalent Benefit Account

Postal Service

Deposit Insurance Fund

Thrift Savings Plan

135.6 What are the requirements for credit financing account reporting?

All departments and agencies that administer credit financing accounts are required to report estimated and actual monthly net disbursements for all accounts as an attachment to the monthly outlay plan application. These reports:

- Improve Treasury's cash forecasting by identifying non-cash transactions and ensuring consistent treatment on both sides of the transaction, i.e., the same amount and timing for both budgetary and non-budgetary credit account entries.
- Ensure the integrity of the MTS, the Federal Government's monthly budget report. Treasury will use financing account reports to review and monitor the agency "Statement of Transactions," prior to publication of the MTS.

The following agencies also are required to submit detailed financing account reports in the format of exhibit 135E:

- Department of Agriculture
- Department of Education
- Department of Energy
- Department of Housing and Urban Development
- Department of Transportation
- Department of the Treasury
- Department of Veterans Affairs
- Small Business Administration
- International Assistance Programs
- Other Independent Agencies: Export-Import Bank of the United States

Reporting format. Show both financing accounts and corresponding program and/or liquidating accounts on the report. Include significant activities as shown in the Budget Appendix Program and Financing schedules in your detailed financing account reports (see section 185.10 for a description of the requirements for program accounts and section 185.11 for a description of the requirements for financing accounts).

Estimate monthly totals for non-budgetary cash transactions such as:

- Loan disbursements
- Collections for loan repayments
- Net proceeds of asset sales

Forecast all non-cash transactions between credit financing accounts and budgetary accounts such as credit program, liquidating, receipt, and Treasury interest accounts.

Specify whether the timing for such transactions is monthly, quarterly, semiannual, or annual. Include the best available estimate of the dollar amount in the month or months during which you expect the transaction to be processed.

Actual data for credit financing accounts. As discussed in section 135.9 below, the Monthly Treasury Statement is the source of actual data for outlay plans. However, the MTS reports and the "Statement of Transactions" may not provide the activity detail necessary for detailed financing account forecasting. Agency budget and accounting areas are expected to develop internal agency procedures that will produce the detail required for the plans.

Sales of loans. In general, cash proceeds from sales of loans are now being credited to non-budgetary financing accounts instead of to budgetary liquidating accounts. Exhibit 135E reflects the financing account presentation for loan sale proceeds. Detailed reporting for individual asset sales is required by Treasury offices under asset sale reporting (section 135.7) below.

Forecasting methodology. For financing account reports:

- Non-cash transactions between financing accounts and (1) program or liquidating accounts, or (2) Treasury interest accounts must reflect the best available dollar amount estimate, and timing must be based on actual due dates or past experience with the timing of the payments.
- If actual experience supports the method, you may estimate monthly amounts for some categories, such as loan disbursements and repayments, by pro-rating the estimated fiscal year total, based on recent monthly patterns.

135.7 What are the requirements for asset sale reporting?

Asset sales are a category of large transactions with additional reporting requirements due to their impact on financing needs. Departments and agencies that conduct asset sales must submit forecast reports in the format of exhibit 135F for each sale included in the agency report on outlays (exhibit 135B) or financing account report (exhibit 135E). These forecasts must be submitted in addition to the large transactions reporting requirements specified in section 135.4.

Between submissions, the original report for each individual sale is to be updated by the agency and provided to Treasury offices as soon as new estimated and/or actual information is available, until the sale has been completed. Agency and OMB estimates provided for Treasury's budget, cash, and debt forecasting purposes are considered highly confidential and for internal Treasury use only. If unusual circumstances call for disclosure of additional detail, the estimates are characterized as Treasury Department estimates and not attributed to OMB or the agency.

Departments and agencies that currently must submit detailed asset sale reports are listed below:

- Department of Housing and Urban Development: Federal Housing Administration
- Department of the Interior: Minerals Management Service
- Small Business Administration
- Department of Veterans Affairs
- Other Independent Agencies:

Federal Communications Commission

Other departments or agencies should be prepared to provide asset sale reports and timely, on-going updates if asset sale transactions are assumed in official estimates.

135.8 What are the responsibilities of OMB and the Treasury Department?

Both OMB and Treasury will review the agency outlay plans for reasonableness in the light of experience, consistency with the President's policies and objectives, enacted appropriations and other legislation, and other factors. When circumstances warrant, OMB and/or Treasury may require you to make revisions in the outlay plans.

135.9 When do I submit reports?

Reports are due to OMB and to Treasury through the automated collection application as shown in the accompanying table. From time to time, it may be necessary for Treasury to request the reports in advance of this timeline in order to meet its internal cash and debt forecasting requirements.

Submit the initial report package to OMB and Treasury Office of the Fiscal Assistant Secretary/Office of Fiscal Projections in the format of exhibits <u>135B</u>, <u>135C</u>, <u>135D</u>, <u>135E</u>, and <u>135F</u>, as applicable. Plans are due throughout the year, and require monthly outlay estimates for the current and subsequent budget year as shown below.

The automated collection application (https://mop.max.gov) will load actual data as reported by the MTS for all months available. The published MTS is subject to prior-month revisions for back-dated transactions. Such revisions will affect both the prior month (or months) and the published "Current Fiscal Year to Date" amounts shown in MTS Table 5. It is imperative that actual data reflect amounts reported by the agency and recorded in the MTS. Differences between actual data in the application and actual data reported in the MTS should be reconciled with your OMB contact. The actual data should be followed by updated monthly outlay estimates for the balance of the period(s).

Reports due	Current year actuals reported ¹	Estimates required	Explain full-year differences ²
Late September to early October	_	October – September (current year)	Agency estimates compared to amounts in the MSR
Early to mid-January	October – November	December – September (current year) October – September (budget year)	Agency estimates compared to amounts in the MSR
Mid to late March	October – February	March – September (current year) October – September (budget year)	Agency estimates compared to amounts in the President's Budget

Reports due	Current year actuals reported ¹	Estimates required	Explain full-year differences ²
Late June to early July	October – May	June – September (current year) October – September (budget year)	Agency estimates compared to amounts in the President's Budget

¹ The system will preload MTS data for actual outlays before the system opens for agency use. Agencies should enter MTS data that become available after the system opens for agency use. When the plans are due before MTS data become available, agencies should enter the best possible estimate of actual outlays.

² The current year totals should be compared to the latest public estimate, either in the most recent President's Budget or MSR. Reconcile significant differences between previously reported estimated outlays and revised estimates or actual outlays and explain these changes in the accompanying statements. Additional updated reports may be requested at other times to better accommodate and support Treasury's quarterly borrowing announcements.

Reports on Outlays—Agency and Program Coverage

Legislative Branch

Judicial Branch

Department of Agriculture:1

Farm Service Agency:

Commodity Credit Corporation

Other Farm Service Agency

Foreign Agricultural Service

Food and Nutrition Service:

Supplemental Nutrition Assistance

Child nutrition programs

Other Food and Nutrition Service

Forest Service

Other Department of Agriculture

Deductions for offsetting receipts (-)

Department of Commerce²

Department of Defense—Military Programs:

Military Personnel

Operation and Maintenance

Procurement

Research, Development, Test, and Evaluation

Military Construction

Family Housing

Revolving and Management Funds

Other Department of Defense—Military

Department of Education:

Elementary and Secondary Education:

Education for the Disadvantaged

Other Elementary and Secondary

Education

Special Education and Rehabilitative

Services:

Special Education

Other Special Education and

Rehabilitative Services

Postsecondary Education

Federal Student Aid:

Student financial assistance

Other Federal Student Aid

Other Department of Education

Department of Energy:

National Nuclear Security Administration

Environmental and Other Defense Activities

Energy Programs

Other Department of Energy

Department of Health and Human Services:

Public Health Service:

Indian Health Service

National Institutes of Health

Other Public Health Service

Centers for Medicare and Medicaid Services:

Grants to States for Medicaid

Payment to health care trust funds

Children's Health Insurance Program

Federal Hospital Insurance Trust Fund

Health care fraud and abuse control

Federal Supplementary Medical

Insurance Trust fund

Medicare Prescription Drugs

Other Centers for Medicare and

Medicaid Services

Administration for Children and Families:

Temporary Assistance for Needy

Families

Child Support Enforcement

Low Income Home Energy Assistance

Social Services Block Grant

Other Administration for Children and

Families

Other Department of Health and Human

Services

Proprietary receipts (-)

Intrabudgetary receipts (-)

Department of Homeland Security:1

Citizenship and Immigration Services

Transportation Security Administration

Immigration and Customs Enforcement

Customs and Border Protection

Other Security, enforcement, and

investigations

United States Coast Guard

Federal Emergency Management

Administration (FEMA):

Disaster relief

National Flood Insurance Fund

Other FEMA

Other Department of Homeland Security

Proprietary and intrabudgetary receipts (-)

Offsetting governmental receipts (-)

Department of Housing and Urban Development:1

Public and Indian Housing Programs:

Tenant-based rental assistance

Housing certificate fund

Other Public and Indian Housing

Programs

Reports on Outlays—Agency and Program Coverage—Continued

Community development fund Federal Housing Administration (FHA) credit accounts Offsetting receipts, FHA credit accounts (-) Other Department of Housing and Urban Development

Department of the Interior:³

Bureau of Land Management Bureau of Ocean Energy Management Office of Surface Mining Reclamation and Enforcement Bureau of Reclamation Bureau of Indian Affairs Mineral leasing and other Departmental Offices **Insular Affairs** Other Department of the Interior Deductions for offsetting receipts (-)

Department of Justice:

Federal Bureau of Investigation Federal Prison System Other Department of Justice

Department of Labor:

Training and employment services Unemployment trust fund Pension Benefit Guaranty Corporation Black lung disability trust fund Other Department of Labor Deductions for offsetting receipts (-)

Department of State

Department of Transportation:

Federal Aviation Administration Federal Highway Administration Federal Railroad Administration Federal Transit Administration Other Department of Transportation

Department of the Treasury:

Departmental Offices:

Housing and Economic Recovery **Programs** Troubled Asset Relief Programs **Exchange Stabilization Fund** Other departmental offices Fiscal Service

Federal Financing Bank

Alcohol and Tobacco Tax and Trade

Internal Revenue Collections for Puerto Rico

Bureau of Engraving and Printing **United States Mint** Internal Revenue Service:

Earned Income Tax Credit

Child Tax Credit

Interest on Tax Refunds

Refundable Premium Tax Credits and Cost Sharing arrangements

Other Internal Revenue Service

Comptroller of the Currency

Interest on Treasury Debt Securities (Gross)

Other Department of the Treasury

Proprietary receipts (-)

Intrabudgetary receipts (-)

Department of Veterans Affairs:1

Medical care Compensation and pensions

Readjustment benefits Insurance trust funds

Other Department of Veterans Affairs

Deductions for offsetting receipts (-)

Corps of Engineers—Civil Works

Other Defense—Civil Programs:4

Military Retirement Uniformed services retiree health Other

Environmental Protection Agency

Executive Office of the President⁵

General Services Administration

International Assistance Programs:

International Security Assistance:

Foreign military loan program

Foreign military financing program

Economic support fund

Other International Security Assistance

Multilateral Assistance:

Contribution to the International

Development Association

International organizations and

programs

Deductions for offsetting receipts (-) and

International development assistance:

Agency for International Development:

Reports on Outlays—Agency and Program Coverage—Continued

Other International development assistance

Military Sales Program:

Foreign military sales trust fund outlays Foreign military sales trust fund proprietary receipts (-)

Other International Assistance Programs

National Aeronautics and Space Administration

National Science Foundation

Office of Personnel Management (OPM):⁶

Civil Service Retirement and Disability Fund Employee Life Insurance Trust Fund Other trust funds Postal Service contributions Other Office of Personnel Management

Small Business Administration¹

Social Security Administration:

Payment to social security trust funds Supplemental Security Income Federal Old-Age and Survivors Insurance Trust Fund Federal Disability Insurance Trust Fund Other Social Security Administration Deductions for offsetting receipts (-)

Other Independent Agencies:

Corporation for Public Broadcasting District of Columbia:

District of Columbia Courts District of Columbia Judicial Pensions Export-Import Bank of the United States¹ Farm Credit System Insurance Corporation Federal Communications Commission (FCC):

> Universal Service Fund Spectrum Auction Program Account

Other FCC

Federal Deposit Insurance Corporation:

Deposit Insurance Fund

FSLIC Resolution Fund

Other Federal Deposit Insurance Corporation

National Credit Union Administration

Postal Service⁷

Railroad Retirement Board:

Federal Windfall subsidy Benefit Payments

Administrative expenses Other Railroad Retirement Board Tennessee Valley Authority

Undistributed Offsetting Receipts:

Rents and Royalties on the Outer Continental Shelf (Interior)

Spectrum Auction Receipts (Commerce) Spectrum Relocation Fund receipts

(Executive Office of the President)

Digital TV Transition (Commerce) Employer Share, Employee Retirement, Military Retirement Fund (Other

Defense—Civil Programs)

Employer Share, Employee Retirement, Medicare-Eligible Retiree Health Care Fund (Other Defense—Civil Programs)

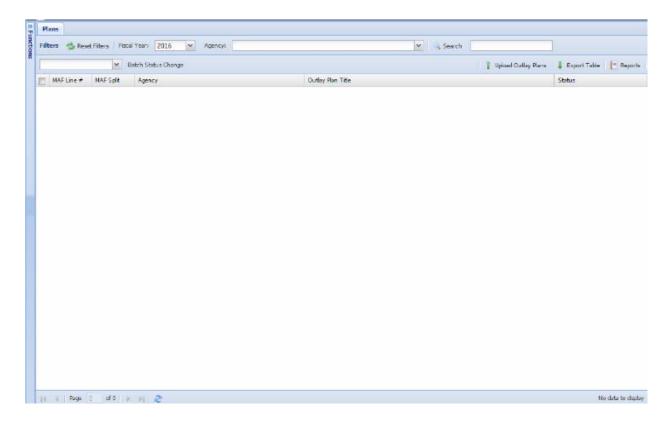
Employer Share, Employee Retirement, Civil Service Retirement and Disability Fund

Interest Received by Trust Funds

- ¹ Provide as a separate entry for monthly outlay amounts for sales of loans to the open market by attaching a spreadsheet to the application. Net cash proceeds of the sale should be reported.
- Commerce also reports spectrum auction receipts and the outlays for Digital TV Transition.
- ³ Interior also reports the outlays for rents and royalties on Outer Continental Shelf.
- Other Defense—Civil Programs also reports receipts collected by them for employer share, employee retirement and health receipts.
- ⁵ Executive Office of the President also reports Spectrum Relocation activities.
- OPM also reports receipts collected by them for employer share, employee retirement.
- Postal Service also reports memorandum items for Workers Compensation to the Department of Labor and Payments to OPM Retiree Health Benefits per P.L. 109-435 by attaching a spreadsheet to the application.

Report on Outlays—Initial Report

The automated collection application is on the Internet at https://mop.max.gov. Further instructions can be found on the MAX Federal Community at https://community.max.gov/x/SgCDAw.

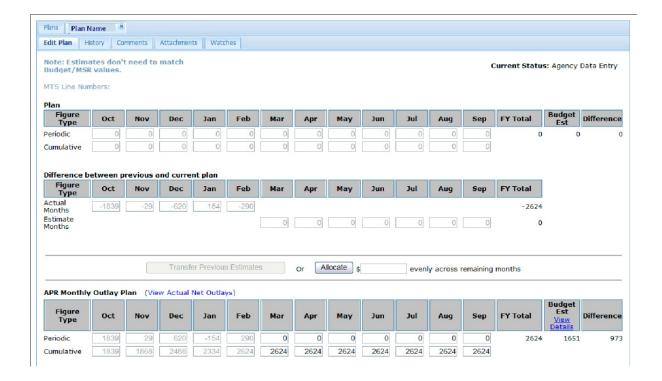


Choose fiscal year and agency.

Double-click on the plan name to edit a plan. Edit the plan by entering periodic or cumulative values for the estimate months for the reporting period (in this example, April). The changes will save automatically.

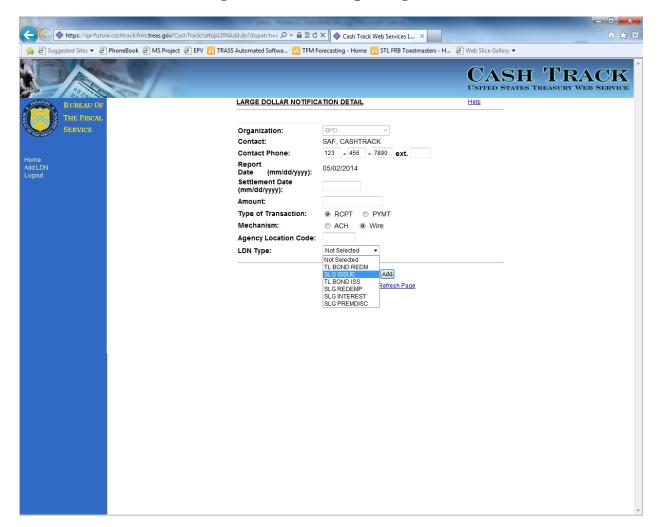
Alternately, Click "Upload Outlay Plans" to upload estimates in spreadsheet format.

Report on Outlays—Initial Report—Continued



Click "Attachments" to add summaries, supporting documents, and exhibits 135 D, E, and F.

Large Transaction Reporting Format



Investment Account Reporting Format

Categories shown here are illustrative only. Categories on your report should mirror the *Budget Appendix* Status of Funds schedule.

Footnote the OMB ESTIMATES column to indicate Budget or Mid-Session Review estimates and month of release.

																		_
REPORT CODE: XXXXXXX TO: OCDMA34 DATE PREPARED: 10/01/20CY CONTACT: Salmon P. C		@ocdm.Treas.gov			(Iı	RTMEN ivestmei ME ANI	nt Acco	unt tit	le)							RCULAR SECTION	C RELEASE NO. A-11 N 135.5	
TELEPHONE	:	202-622-187					(In milli	ons of	dollars)								
E-MAIL:		Salmon.P.Cl	nase@DO.Treas.gov													FISCAL		
TIMING	MTS	APPROP		2015	2015	2015	2016	2016	2016	2016	2016	2016	2016	2016	2016	YEAR	ОМВ	DIFFER-
OF	LINE	ACCOUNT		OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	TOTAL	EST. 1	ENCE 2
TRANS	CODE	SYMBOL	CATEGORY	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	EST	(1)	(2)	(1-2)
			INCOME:															
			Governmental:															
FIRST DAY	XXXX	XX XXXX.XX	Taxes														5225	
DIMEELA VA		10/1000/10/	Intergovernmental:	275	275	275	275	275	275	276	275	275	400	400	410	4506	5000	414
BIWEEKLY 3 1215	XXXX	XX XXXX.XX	Employer contributions Transfer from XXXX 4	375 0		375 650	375 0	375 0	375 0	376 0		375 0	400	400	410			
1231; 0630	XXXX	XX XXXX.XX		10	-		20	-	30	10		625	75	100	50			
1231, 0030	лллл	AA AAAA.AA	merest on investments	10	13	373	20	13	50	10	13	023	13	100	50	1340	1340	· ·
			Proprietary:															
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			TOTAL INCOME														12895	
			OUTGO:															
DAILY	XXXX	XX XXXX.XX		675		675	650		675	650		625	625	625	625			
15TH OF MO LAST DAY	XXXX	XX XXXX.XX XX XXXX.XX	Administrative expenses Transfers to XXXX 6	35 125		35 0	35 150	25 0	35 0	35 175	35 0	35 0	35 200	35 0	30			
LASI DAI	АЛЛА	ΑΛ ΑΛΛΑ.ΑΛ	TOTAL OUTGO	835			835					660	860	660	655			
			101112 00100111111		700	7.10	000	700	,,,,	000	000	000	000	000	000	0000	0000	
			NET INC (+) OR OUTGO														4045	
																		=
			MEMORANDUM: (Non-ad	d; inclu	ided ab	ove)												
			Proposed legislation 5	0	0	0	0	0	0	-25	-50	-50	-50	-50	-50	-275	-275	0
			ACT=Actual; EST= Estima	ate														

ACT=Actual; EST= Estimate

Timing of Transactions column shows illustrative examples of frequency of timing and transaction dates.

NOTE: You are **not** required to provide **MONTHLY** estimates for **Governmental** receipts. Monthly estimates are prepared by the Office of Tax Analysis, Department of the Treasury.

¹ Footnote should state "Budget" or "Mid-Session Review" and month/year of release.

² Footnote differences and provide brief explanation.

³ Footnote descriptions that are larger than column. Provide specific tiiming and amount information.

⁴ Date contingent on passage of annual authorizing legislation. Footnote (contact name and telephone number).

⁵ Footnote (contact name and telephone number).

⁶ Footnote (contact name and telephone number).

Financing Account Reporting Format

oth Financing and related Liquidatin tency of estimated transactions. Categories will reflect activities shown in the Program and Financ Schedules of the Budget Appendix. Include both Financing and and Subsidy accounts in order to ensure consistency of estimated Footnote the OMB ESTIMATES column to indicate Budget or Mid-Session Review estimates and month of release. between budgetary and non-budgetary accounts. DEPARTMENT OF XXXXXXXXXXXXXX REPORT CODE: XXXXXXXXX NOT FOR PUBLIC RELEASE (Financing Account title) OMB CIRCULAR NO. A-11 OCDMA34@ocdm.Treas.gov DATE PREPARED: 10/01/20CY PART 3, SECTION 135.6 (In millions of dollars) EXHIBIT 135E CONTACT: Salmon P. Chase TELEPHONE: 202-622-1875 E-MAIL: Salmon.P.Chase@DO.Treas.gov FISCAL OMB TIMING MTS APPROP OBJECT DIFFER-LINE ACCOUNT CLASS OCT NOV DEC JAN FEB MAR APR MAY JUN JUL AUG SEP TOTAL MATESI ENCE 2 ACCOUNT EST CODE SYMBOL CODE TRANS (1) (2) FINANCING ACCOUNT: DAILY ??.?? Loan disbursements 250 365 450 1000 1265 750 370 300 450 600 950 1275 8025 8575 -550 00.02 Interest paid to Treasury 0 0 150 150 150 ANNUAL 08.02 Downward reestimate of subsidy 531 531 531 ANNUAL 08.04 Interest on downward reestimate 0 0 0 0 0 0 0 147 147 147 Collections: Loan repayments (P+1) DAILY ??.?? -100 -125 -225 -100 -100 -100 -100 -125 -225 -100 -100 -100 -1500 -1500 3RD THURS ??.?? Sales of loans (net) 3 ANNUAL 88.00 Upward reest from program account 0 -1,085 -1085 -1,085 ANNUAL 0 0 -74 -74 -74 88.00 Interest on upward reestimate 0 0 0 0 0 0 0 FIRST DAY ??.?? Collected from liquidating acct. 0 0 -25 0 0 -25 0 0 -50 0 0 -25 -125 -125 0 FIRST DAY 22.22 Collected from subsidy account 0 -260 0 -545 0 -300 0 -830 -1935 -1,935 0930 88.25 Interest on uninvested funds 0 0 0 0 0 0 -495 -495 -495 DAILY All other XXXX XX XXXX 87.00 FINANCING DISB (NET) 900 765 80 270 -125 20 -60 2889 BUDGET ACCOUNTS: SUBSIDY (Program) ACCOUNT: ANNUAL ANNUAL 0 260 0 0 545 300 0 830 0 1935 1935 0 Current Subsidy ANNUAL 00.05 Upward reestimate of subsidy 0 0 0 0 0 0 0 0 0 1085 1085 1,085 0 ANNUAL 00.06 Interest on upward reestimate 0 0 0 0 0 0 0 0 0 74 74 74 0 LAST DAY 00.09 Administrative expenses 15 20 10 25 10 15 20 25 10 15 10 180 180 0 ANNUAL 69.00 Downward reestimate of subsidy 0 0 0 0 0 0 0 0 0 0 -531 -531 -531 ANNUAL 69.00 Interest on downward reestimate 0 0 0 0 0 0 0 0 0 -147 -147 -147 XXXX XX XXXX 90.00 TOTAL OUTLAYS (Net) 15 20 270 35 60 1,120 20 505 25 10 845 491 4094 LIQUIDATING ACCOUNT: 22.22 Payments to financing account 0 0 0 0 0 225 225 125 100 ??.?? Other 60 60 0 XX XXXX TOTAL LIQUIDATING 100 OFFSETTING RECEIPT ACCOUNTS: 0 44 XXXX XX XXXX Disaster loans, downward reest 0 0 0 0 0 0 0 0 0 0 -678 -678 -722 xxxx XX XXXX Disaster loans, downward reest 0 TOTAL OFFSETTING. RECEIPTS -678 -678 -722 44 MEMORANDUM: 0930 4188 XX 1499 INTEREST TO TREASURY 0 0 0 0 0 0 0 0 0 0 0 -150 -150 -150 TOTAL IMPACT, ALL ACCOUNTS <u>170 265 215 940 830 1,205 295 385 -145</u> 515 870 5,762 7 568 -1.806 FOOTNOTES: ACT=Actual: EST= Estimate 1 Footnote should state "Budget" or "Mid-Session Review" and month released. 2 Footnote differences and provide brief explanation. 062016 3 Deposit date 022316 091916

Asset Sales Reporting Format

The agency will adapt this form its sale process.					Treasury will wo agency to identify		
DATE OF REPORT: TO: OUTLAYS@OCDM.Treas.gov TO: FUNDS.CONTROL@FMS.Treas. NOTE: E-MAIL AS AN ATTACHME		10 or lower)					
REPORT CODE: AGENCY LOC CODE: CONTACT: TELEPHONE: E-MAIL:		ASSET SALES REPORT FOR CASH AND DEBT FORECASTING DEPARTMENT OF XXXXXXXXXXX (Amounts in Millions of Dollars)			NOT FOR PUBLIC RELEASE OMB CIRCULAR NO. A-11 PART 3, SECTION 135.7 EXHIBIT 135F		
ALTERNATE: TELEPHONE: E-MAIL:		Check Whichever is Ap	TWELVE-MO	NTH FORECAST: MO			is Use Only)
SALE NUMBER		FOR SMALL BUSIN	ESS ADMIN USI	E ONLY		FOR USE BY ALL AG	ENCIES
AND/OR		BID DEPOSITS		OF DEPOSITS 1	TOTAL CA		NT(S) OR CLOSING(S)
DESCRIPTION	DATE	TO TREASURY	DATE	AMOUNT	PROCEEI		BALANCE DUE
	l	 			 		+
					1		+
						•	
TREASURY CASHTRACK CODE:		XXXXX	,	XXXXX			XXXXX
1 If applicable to agency's process, estim REFERENCE: OMB Circular No. A-1		nd timing or provide actu	als.		olume I, Part 6Cl	hapter 8500.	

SECTION 140—REPORTS ON UNVOUCHERED EXPENDITURES

	Table of Contents
140.1	What are unvouchered expenditures?
140.2	Are there any exemptions?
140.3	What is the basis for coverage?
140.4	What are the requirements for submission?
140.5	What are OMB's responsibilities?
	-
Ex-140	List of Accounts Containing Unvouchered Expenditures

140.1 What are unvouchered expenditures?

Unvouchered expenditures are any expenditure accounted for solely on the approval, authorization, or certificate of the President or an official of an executive agency.

Executive Branch agencies are required to submit information to OMB on unvouchered expenditures annually. OMB uses the information to prepare the annual report required by law (31 U.S.C. 3524) on accounts containing unvouchered expenditures that are potentially subject to audit by the Comptroller General.

140.2 Are there any exemptions?

The law provides for exemptions for individual financial transactions or for a class or category of financial transactions if they relate to:

- Sensitive foreign intelligence or counterintelligence activities, or
- Sensitive law enforcement investigations in which an audit proceeding would expose the identifying details of an active investigation or endanger the safety of investigative or domestic intelligence sources involved in such law enforcement investigations.

The law gives the President the authority to exempt these financial transactions from audit. You should make any requests for exemptions through the White House Counsel's office.

140.3 What is the basis for coverage?

Subject to 31 U.S.C. 3524(c) and (d), these instructions apply to the accounts of all executive agencies authorized to contain unvouchered expenditures. Funds used under Section 8(b) of the CIA Act of 1949 are exempt from this GAO audit and are not covered in the annual report to the Congress on unvouchered expenditures.

140.4 What are the requirements for submission?

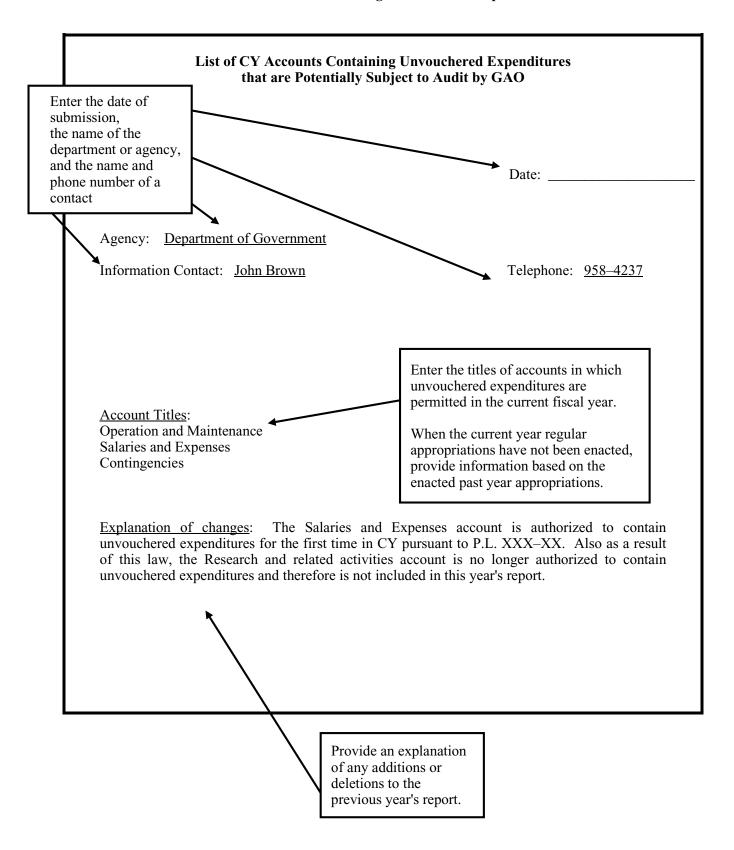
By October 1st each executive department and agency will submit to OMB a list of all of the agency's accounts that contain unvouchered expenditures with an explanation of any additions to or deletions from the accounts listed in the previous year's report (see exhibit 140). OMB will issue a separate data request for this information at a later date.

In addition, if you are required to submit information on unvouchered expenditures, you must maintain records of these transactions in a manner similar to those maintained for regular financial transactions and accounts in order to insure proper accountability.

140.5 What are OMB's responsibilities?

The Director of OMB will prepare and submit the report to certain congressional committees and to the GAO before December 1 of each year, as required by law.

List of Accounts Containing Unvouchered Expenditures



SECTION 145—REQUIREMENTS FOR REPORTING ANTIDEFICIENCY ACT VIOLATIONS

	Table of Contents
145.1	What is the Antideficiency Act?
145.2	What violations must I report?
145.3	How do the requirements for reporting violations differ for credit programs?
145.4	Do the requirements for reporting violations differ for revolving funds?
145.5	Do the requirements for reporting violations differ for closed and expired accounts?
145.6	How do I treat anticipated budgetary resources?
145.7	How do I report a violation?
145.8	What if the GAO finds a violation?
145.9	What if OMB suspects a violation?
145.10	When do I need to request (and obtain) an appropriation in order to liquidate an
	obligation that was a violation of the Antideficiency Act?
Ex-145A	Antideficiency Act Violation Sample Letter to the Director
Ex-145B	Antideficiency Act Violation Sample Letter to the President
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145.1 What is the Antideficiency Act?

The Antideficiency Act consists of provisions of law that were passed by the Congress (beginning in the nineteenth century and later codified in Title 31 of the United States Code) to prevent departments and agencies from spending their entire appropriations during the first few months of the year. The Act *prohibits* you and any other Federal employee from:

- Entering into contracts that *exceed* the enacted appropriations for the year.
- Purchasing services and merchandise *before* appropriations are enacted.

The Act:

- Requires that OMB *apportion* the appropriations, that is, approve a plan that spreads out spending over the fiscal period for which the funds were made available.
- Requires, subject to the approval of OMB, the head of each executive agency to prescribe by regulation a system of administrative control of funds (31 U.S.C. 1514(a)).
- Restricts *deficiency apportionments* to amounts approved by the agency heads only for "extraordinary emergency or unusual circumstances."
- Establishes *penalties* for Antideficiency Act violations. Violations are obligations or expenditures in excess of the lower of the amount in the affected account, the amount apportioned, or any administrative subdivision of funds specified in your agency's fund control regulations as being subject to the Antideficiency Act. As specified in Appendix H, agency fund control regulations must specify that violations of allotments and suballotments are also violations of the Antideficiency Act. If the agency chooses to and OMB approves, the agency may also make allowances and allocations subject to the Antideficiency Act. In this case, obligations and expenditures that exceed allowances and allocations are violations of the Antideficiency Act.
- Requires the agency head to report any Antideficiency Act violations to the President, through the OMB Director; the Congress; and the Comptroller General.

Under the Act, if you obligate or expend more than the amount in the Treasury Account Fund Symbol (TAFS) or the amount apportioned or the amount in any other subdivision of funds that are identified in

your agency fund control regulations as being subject to the Antideficiency Act, you will be subject to appropriate administrative discipline, including—when circumstances warrant—a written reprimand, suspension from duty without pay, or removal from office.

In addition, if you are convicted of willfully and knowingly overobligating or overexpending the amount, then you shall be fined not more than \$5,000, imprisoned for not more than 2 years, or both.

In 1982, the Congress reworded and reorganized the language of the Antideficiency Act along with the rest of Title 31 of the United States Code. The intent of the Congress was to modernize the language of the Act, without changing its meaning. You will find a crosswalk between the provisions of law that made up the Antideficiency Act before it was modernized and the current language in appendix G.

145.2 What violations must I report?

All Antideficiency Act violations must be reported. Here are some common examples:

If you	The amount	Then, you must report a violation of
Authorize or make an obligation exceeding	In an appropriation or fund. This may include obligations for purchases of goods or items that are prohibited by statute.	31 U.S.C. 1341(a)
	In an apportionment or reapportionment (a type of administrative subdivision of funds), such as a category B apportionment. This also includes incorporated footnotes.	31 U.S.C. 1517(a)(1)
	In an allotment or a suballotment (a type of administrative subdivision of funds, see Appendix H, section 4).	31 U.S.C. 1517(a)(2)
	In any other administrative subdivision of funds, if the overobligation results in the overobligation of one of the previous amounts.	31 U.S.C. 1517(a)(2)
Authorize or make a disbursement exceeding	In an appropriation or fund.	31 U.S.C. 1341(a)
	In an apportionment or reapportionment (a type of administrative subdivision of funds). Includes the overobligation of a category B apportionment. This also includes incorporated footnotes.	31 U.S.C. 1517(a)(1)
	In an allotment or a suballotment (a type of administrative subdivision of funds, see Appendix H, section 4).	31 U.S.C. 1517(a)(2)
	In any other administrative subdivision of funds if the overexpenditure results in the overexpenditure of one of the previous amounts.	31 U.S.C. 1517(a)(2)
Obligate or expend	Funds required to be sequestered.	31 U.S.C. 1341(a)
Involve the Government in a contract or obligation	Before you receive the appropriation, unless such contract or obligation is authorized by law.	31 U.S.C. 1341(a)

If you	The amount	Then, you must report a violation of
Sign a contract that obligates the Government to indemnify parties against losses ("open-ended indemnification" clause)	Indeterminate.	31 U.S.C. 1341(a)
Accept voluntary service	In excess of that authorized by law.	31 U.S.C. 1342

Consult your OMB representative if your violation involves the Purpose Statute (31 U.S.C. 1301) or a funding restriction in an Act other than an appropriations Act, and refer to the Memorandum for the General Counsel of the Environmental Protection Agency from C. Kevin Marshall, Deputy Assistant Attorney General, Office of Legal Counsel, *Re: Use of Appropriated Funds to Provide Light Refreshments to Non-Federal Participants at EPA Conferences* (April 5, 2007), available at http://www.justice.gov/olc/opiniondocs/epa-light-refreshments13.pdf.

145.3 How do the requirements for reporting violations differ for credit programs?

In addition to the violations specified in section 145.2, report overobligation or overexpenditure of:

- The subsidy—where an officer or employee of the United States has made or authorized a direct loan obligation or loan guarantee commitment that requires a subsidy cost obligation or expenditure in excess of amounts appropriated and/or apportioned for such purposes. Modifications of direct loans or loan guarantees (or of direct loan obligations or loan guarantee commitments), as defined in section 185, that result in obligations or expenditure in excess of apportioned unobligated balances of subsidy amounts are violations (31 U.S.C. 1341(a), 31 U.S.C. 1517(a)).
- The credit level supportable by the enacted subsidy—where an officer or employee of the United States has made or authorized a direct loan obligation or loan guarantee commitment, that is in excess of the level specified by law. This includes, for example, obligations or expenditures that exceed a limitation on direct loan obligations or guaranteed loan commitments (31 U.S.C. 1341(a)).
- The amount appropriated for administrative expenses—where an officer or employee of the United States has made or authorized an expenditure or created or authorized an obligation that is in excess of the amount appropriated for administrative expenses (31 U.S.C. 1341(a)).
- The expired unobligated balance of the subsidy—where an officer or employee of the United States has made or authorized an expenditure or created or authorized an obligation, including a commitment, against unobligated subsidy balances after the period of obligational authority has expired. Correction of mathematical or data input errors up to the amount of the expired unobligated balance of the subsidy are not violations. Corrections of these errors in excess of the amount of the expired unobligated balance of the subsidy are violations (31 U.S.C. 1341(a)).
- The apportioned borrowing authority in a financing account. Section 505(c) of the Federal Credit Reform Act subjects financing accounts to apportionment: "All of the transactions provided in this subsection shall be subject to the provisions of subchapter II of chapter 15 of title 31, United States Code."

145.4 Do the requirements for reporting violations differ for revolving funds?

No. The incurring of obligations in excess of apportioned budgetary resources in a revolving fund is a violation of the Antideficiency Act, whether or not a fund has unapportioned budgetary resources or non-budgetary assets greater than the amount apportioned.

145.5 Do the requirements for reporting violations differ for closed and expired accounts?

No. You are required to report violations when obligations and expenditures or adjustments to obligations and expenditures exceed the original appropriations in expired accounts as well as closed accounts. This also includes obligations and expenditures or adjustments to obligations and expenditures made before the account expired that exceed amounts apportioned or amounts in any other subdivision of funds that are identified in your agency's fund control regulations as being subject to the Antideficiency Act

145.6 How do I treat anticipated budgetary resources?

You may not obligate against anticipated budgetary resources before they are realized even though the anticipated budgetary resources have been apportioned (see section 120.46). If you incur an obligation against an anticipated budgetary resource, such as anticipated spending authority from offsetting collections, then you will have a violation of the Antideficiency Act.

145.7 How do I report a violation?

In preparing your report on a violation, please consult your OMB representative. Below are the requirements for such a report.

Transmittal letter to the Director of OMB. You will transmit the letter from your agency head to the President through the Director of OMB. A sample transmittal letter is provided in exhibit 145A that shows the format that must be followed. Agencies must state whether or not their agency received a clean audit opinion during the fiscal year(s) in which the violation occurred. If it is suspected that the violation was knowing and willful, the letter must state the agency has submitted information to the Department of Justice. If the agency has determined that a violation was not knowing and willful, agencies must state this determination in the letter.

Letter to the President. You will report a violation of the Antideficiency Act in the form of a letter from your agency head to the President. A sample letter is provided in exhibit 145B that shows the format that must be followed.

The letter will set forth all of the following information:

- The title and Treasury symbol (including the fiscal year) of the appropriation or fund account, the amount involved for each violation, and the date on which the violation occurred.
- The position of the officer(s) or employee(s) responsible for the violation. A responsible officer or employee is an individual who took, or failed to take, an action that was a proximate cause of the violation. For an individual to be a responsible official, there should be a direct, identifiable nexus between the action (or inaction) of the individual and the corrective measures taken by the agency to prevent future violations.
- All facts pertaining to the violation, including the type of violation (for example, overobligation of an appropriation, overobligation of an appropriation of any subdivision of funds, including an allotment or suballotment, identified in your agency's fund control regulations), the primary reason or cause, any statement from the responsible officer(s) or employee(s) with respect

to any circumstances believed to be extenuating, and any germane report by the agency's Inspector General and/or the agency's counsel.

- A statement of the administrative discipline imposed and any further action(s) taken with respect to the officer(s) or employee(s) involved in the violation.
- In the case where an officer or employee is suspected of knowingly and willfully violating the Antideficiency Act, confirm that all information has been submitted to the Department of Justice for determination of whether further action is needed. If the agency has determined that a violation was not knowing and willful, agencies must state this determination in the letter.
- A statement regarding the adequacy of the system of administrative control prescribed by the head of the agency and approved by OMB, if such approval has been given. If the head of the agency determines a need for changes in the regulations, or your system of administrative controls has never been approved by OMB, such proposals will be submitted as provided in section 150.7.
- A statement of any additional action taken by, or at the direction of, the head of the agency, including any new safeguards provided to prevent recurrence of the same type of violation.
- If another agency is involved, a statement concerning the steps taken to coordinate the report with the other agency.
- Identical reports will be submitted to the presiding officer of each House of Congress and the Comptroller General. If identical to the report to the President, so state.

Letters to the Congress. You will report identical letters to the Speaker of the House of Representatives and the President of the Senate.

Letters to the Comptroller General. You will report to the Comptroller General of the Government Accountability Office. Agencies may electronically send PDF (portable document format) copies of these reports to AntideficiencyActReports@gao.gov (for further information see OMB Memorandum M—05–09 dated March 11, 2005).

If the letters to the Congress and the Comptroller General are identical to the letter to the President, include a statement to this effect in the letter to the President. If the letters to the Congress and the Comptroller General are not identical to the letter to the President, you will submit a copy of the letter to the Congress and the Comptroller General with your letter to the President and, moreover, you will submit to the Congress and the Comptroller General a copy of your letter to the President. Additionally, agencies are required to ensure that the entire violation package maintains consistency with regard to the type of Antideficiency Act violation that has occurred. If there is an inconsistency in the package, agencies are required to submit an explanation for the record (emails are acceptable).

145.8 What if the GAO finds a violation?

You should report to the President, the Congress, and the Comptroller General on violations reported by the Government Accountability Office in connection with audits and investigations, or otherwise formally communicated to your agency in writing.

In these cases, the report to the President will indicate whether the agency agrees that a violation has occurred, and if so, it will contain an explanation as to why the violation was not discovered and previously reported by the agency. If the agency does not agree that a violation has occurred, the report to the President, the Congress, and the Comptroller General will explain the agency's position.

145.9 What if OMB suspects a violation?

Whenever OMB determines that a violation of the Antideficiency Act may have occurred, OMB may request that an investigation or audit be undertaken or conducted by the agency. In such cases, a report describing the results of the investigation or audit will be submitted to OMB through the head of the agency. If the report indicates that no violation of the Antideficiency Act has occurred, the agency head

will so inform OMB and forward a copy of the report to OMB. If the report indicates that a violation of the Antideficiency Act has occurred, the agency head will report to the President, the Congress, and the Comptroller General in accordance with section 145.7 as soon as possible. If the agency head does not agree that a violation has occurred, the report to the President, the Congress, and Comptroller General will explain the agency's position.

145.10 When do I need to request (and obtain) an appropriation in order to liquidate an obligation that was a violation of the Antideficiency Act?

The Antideficiency Act applies to expenditures as well as obligations, and thus an expenditure is a separate violation of the Antideficiency Act.

Accordingly, if you think that you may have obligated funds in violation of the Antideficiency Act that you have yet to expend, you should immediately contact your counsel's office and budget office to discuss the situation and appropriate next steps, including contacting your agency's OMB representative with budget responsibility for the account.

In most cases, you will not need to request (and obtain) an appropriation in order to liquidate an obligation that was incurred in violation of the Antideficiency Act. (Such an appropriation is referred to as a "deficiency appropriation.")

When an obligation that was a violation of the Antideficiency Act has already been liquidated, a deficiency appropriation is <u>not</u> necessary.

A deficiency appropriation is also <u>not</u> necessary when other resources are available to liquidate the obligation. For instance, the agency may be able to liquidate the obligation by:

- (1) using unobligated balances that can be made available through a re-allotment, a revised apportionment, a reprogramming, or a transfer from another account (if the agency has transfer authority);
- (2) deobligating funds; or
- (3) if the account has been closed, exercising the authority to use current-year funds under 31 U.S.C. 1553.

A deficiency appropriation is only necessary where there is not existing budget authority that is available to liquidate the obligation.

Appropriations to liquidate obligations that violated the Antidefiency Act (i.e., deficiency appropriations) are subtracted from total budgetary resources available for obligation. As a result, the appropriation is still recognized in the budget authority totals as a current cost, but the appropriation is unavailable to be used for any purpose except to liquidate the obligation (see sections 20.4(b) and 82.18).

Regardless of whether a deficiency appropriation is needed, all Antideficiency Act violations involving either obligations or expenditures must be reported to the President, the Congress, and the Government Accountability Office in accordance with this section.

This discussion does not address those situations in which an appropriation is needed in order to liquidate obligations that are lawfully incurred, such as obligations incurred for excepted activities pursuant to the Antideficiency Act (see section 124).

Antideficiency Act Violation

Sample Letter to the Director

Note: Violations of 31 U.S.C. 1341 or 1342 must be reported pursuant to 31 U.S.C. 1351. Violations of 31 U.S.C. 1517 must be reported pursuant to 31 U.S.C. 1517(b).

Honorable Director Office of Management and Budget Washington, D.C. 20503

Dear Mr. Director:

Enclosed is a letter transmitting to the President a report of a violation of the Antideficiency Act (ADA) (31 U.S.C. [1341, 1342, or 1517(a)]).

The ADA violation[s] totaled approximately \$X,XXX during fiscal year[s] [20XX]. 31 U.S.C. [1351 or 1517(b)] requires that this report be submitted to the President. It is being submitted through the Director of the Office of Management and Budget.

The [Agency] [received/did not receive] a clean audit opinion during the fiscal year[s] in which the violation[s] occurred. [The [Agency] has determined that the responsible party had no knowing and willful intent to violate the ADA.]

To comply with the aforementioned provisions, [Agency] is also submitting copies of the report to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General.

Sincerely, Agency Head

Enclosure[s]

Antideficiency Act Violation Sample Letter to the President

Note: Violations of 31 U.S.C. 1341 or 1342 must be reported pursuant to 31 U.S.C. 1351. Violations of 31 U.S.C. 1517 must be reported pursuant to 31 U.S.C. 1517(b).

The President The White House Washington, D.C. 20500

Dear Mr. President:

This letter is to report a violation of the Antideficiency Act (ADA), as required by 31 U.S.C. [1351 or 1517(b)].

A violation of 31 U.S.C. [1341 or 1517] occurred in account [Treasury symbol and title] in the total amount of \$X,XXX. The violation occurred on [date[s]] in connection with [identify the affected program or activity] for fiscal year [20XX]. [X] was [were] responsible for the violation[s].

[Describe the nature of the violation (see section 145.2). Then state the primary reason or cause. Include any statement from the responsible officer(s) or employee(s) as to any circumstances believed to be extenuating. Include any germane report by the agency's Inspector General.]

[Explain the specific actions taken to prevent recurrence of the same type of violation.]

[State whether the adequacy of the system of administrative control of funds has been approved by OMB. (see section 150.7)]

[Explain the administrative discipline that was or will be imposed, as well as any further action(s) taken with respect to the officer(s) or employee(s) involved. (see section 145.1)]

[If an employee is suspected of knowingly and willfully violating the Antideficiency Act, confirm that the issue has been referred to the Department of Justice. If the agency has determined that the violation was not knowing and willful, include the following sentence: "The [Agency] has determined that the responsible party had no knowing and willful intent to violate the Antideficiency Act."]

Identical reports are being submitted to the President of the Senate, the Speaker of the House of Representatives, and the Comptroller General. (see section 145.7)

Respectfully,

Agency Head

SECTION 150—ADMINISTRATIVE CONTROL OF FUNDS

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- 150.1 Why must my agency have a fund control system?
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- 150.5 What is the U.S. Standard General Ledger (USSGL) and how does it relate to my agency's financial management system?
- 150.6 What are Federal Financial Management Systems requirements and how are they related to my agency's fund control systems?
- 150.7 When and how should I get OMB approval of my agency's fund control regulations (including updates)?

150.1 Why must my agency have a fund control system?

The Antideficiency Act requires that your agency head prescribe, by regulation, a system of *administrative* control of funds. The system is also called *the fund control system* and the regulations are called *fund* control regulations.

150.2 What is the purpose of my agency's fund control system?

The purpose of your agency's fund control system is to:

- Restrict *both* obligations and expenditures (also known as outlays or disbursements) from each appropriation or fund account to *the lower of* the amount apportioned by OMB or the amount available for obligation or expenditure in the appropriation or fund account.
- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or suballotments made by your agency, any statutory limitations, and any other administrative subdivision of funds made by your agency.

150.3 What is the relationship between my agency's internal controls and its fund controls?

Your agency's *internal controls* are the organization, policies, and procedures that your agency uses to reasonably ensure that:

- Programs achieve their intended results.
- Resources used are consistent with agency mission.
- Programs and resources are protected from waste, fraud, and mismanagement.
- Laws and regulations are followed.
- Reliable and timely information is obtained, maintained, reported and used for decision making.

Your agency's internal controls should include objectives specific to compliance with the Antideficiency Act, ensuring that:

- Expenditures and obligations do not exceed the amounts available in the appropriation, apportionment, allotment, suballotment, and/or other administrative subdivisions or limitations of funds.
- Obligations do not occur before an appropriation is made or otherwise authorized by law.
- Staff are adequately trained and knowledgeable about the current status of funds, including the current year's appropriation, apportionment, allotment, suballotment, and other administrative subdivisions or limitations of funds.
- Approving and certifying officials have adequate and current training in appropriations law and the budget process, OMB Circular A-123, and budget execution practices that may prevent violations of the Antideficiency Act.
- Commitment and obligation tracking can be monitored in real time with comparisons to the apportionment, allotment and suballotment, on a fiscal year and quarterly basis.

For further guidance on your agency's internal controls, see <u>OMB Circular No. A–123, Management's Responsibility for Internal Control.</u> OMB is updating the circular, with release expected in Spring 2016. Agencies should consult the updated circular as appropriate.

Internal control requirements are one of the overarching requirements. This means that they apply to all financial management systems, including your agency's *fund control* system.

150.4 What is the relationship between my agency's financial management system and its fund control system?

Your agency's *financial management system* must support the preparation and execution of your agency's budget, among other things. Your agency's fund control system is part of your agency's budget execution process. Therefore, your agency's financial management system must support your agency's fund control system.

The policies and standards your agency must follow in developing, operating, evaluating, and reporting on financial management systems are in <u>Appendix D to OMB Circular No. A–123</u>, <u>Compliance with the Federal Financial Management Improvement Act of 1996</u>. For policies related to information technology that pertain to financial management systems, see <u>OMB Circular No. A–130</u>, <u>Management of Federal Information Resources</u>.

150.5 What is the U.S. Standard General Ledger (USSGL) and how does it relate to my agency's financial management system?

The USSGL includes a chart of accounts and technical guidance established to support the consistent recording of financial events as well as the preparation of standard external reports that are required by the central agencies, such as OMB and Treasury. The Treasury Financial Manual (TFM) USSGL Supplement provides:

- A list of the accounts (i.e., the chart of accounts).
- Descriptions of each account.
- A listing of transactions processed by Federal agencies.
- The posting models, including debit and credit pairs, for each type of transaction.
- The USSGL attributes that are an integral part of the USSGL.
- Crosswalks from the USSGL to various external reports, such as the SF 133 and the prior year column of the Program and Financing Schedule in the President's Budget.

An electronic version of the TFM USSGL Supplement is available at:

https://www.fiscal.treasury.gov/fsreports/ref/ussgl/ussgl home.htm.

The OMB policies regarding the USSGL are in OMB Circular No. A–127, *Policies and Standards for Financial Management Systems*. Specifically, the A–127 requires that agencies record financial events throughout the financial management system using the USSGL at the transaction level. This is a legal requirement.

150.6 What are Federal Financial Management Systems requirements and how are they related to my agency's fund control system?

As defined in A-127, agencies must use a core financial system that has been certified as meeting the core financial system requirements. Please refer to Circular A-127 for guidance on the certification process.

Specific non-core financial system requirements, previously published by the Joint Financial Management Improvement Program (JFMIP) and known as the JFMIP Federal Financial Management System Requirements (FFMSR) series, should be regarded as guidance when defining system requirements for acquisition. Please refer to the Federal Financial System Requirements (FFSR) document for the applicable core financial system requirements for funds control.

150.7 When and how should I get OMB approval of my agency's fund control regulations (including updates)?

Use the checklist in <u>Appendix H</u> to prepare draft fund control regulations. Send your proposed draft (or updates to existing OMB-approved regulations) to OMB for approval. Approved fund control regulations shall be posted on the agency's website.

For newly established agencies, submit the proposed fund control regulations to the Director of OMB within 90 days after the agency is established. The Director of OMB will respond within 90 days after receiving the draft regulations. Agency fund control regulations are in effect only to the extent approved by OMB.

To revise regulations previously approved by OMB, submit the draft revised regulations to the Director of OMB for review and approval.

You should review your fund control regulations periodically to determine whether improvements should be made. At a minimum, review the system whenever:

- OMB issues revised guidance on budget execution.
- Your agency is reorganized.
- Staff from your agency has violated the Antideficiency Act.

CIRCULAR NO. A-11

PART 5

FEDERAL CREDIT



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016

SECTION 185—FEDERAL CREDIT

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Summary of Changes

Clarifies that interest rate reestimates may be performed in some cases prior to a cohort being 90 percent disbursed (section 185.6).

Specifies the receipt account where modification adjustment transfer occurs (section 185.7(b)).

185.1 Does this section apply to me?

These instructions apply to all programs that provide direct loans or loan guarantees (see sections 185.3(e) and 185.3(n) for definitions of these terms) to non-Federal entities and are subject to the Federal Credit Reform Act of 1990, as amended (FCRA). Even though section 506 of the FCRA exempts certain programs from credit reform budgeting, these programs are still required to report data in MAX schedules G and H (see section 185.11) and follow other instructions contained in this Circular.

This section answers frequently asked questions, defines credit terms and concepts, and illustrates how budget formulation, apportionment, and budget execution forms should be prepared. This section supplements other instructions in this Circular and should be used in conjunction with credit program guidance in Circular A–129, Policies for Federal Credit Programs and Non-Tax Receivables.

Section <u>504(b)</u> of the FCRA provides that new direct loan obligations and new loan guarantee commitments may be made only to the extent that:

- New budget authority to cover their costs is provided in advance in an appropriations act;
- A limitation on the use of funds otherwise available for the cost of a direct loan or loan guarantee program is provided in advance in an appropriations act; or
- Authority is otherwise provided in an appropriations act.

These requirements also apply to modifications of direct loans (or direct loan obligations) or loan guarantees (or loan guarantee commitments) that increase the cost to Government, including modifications of pre–1992 direct loans and loan guarantees. OMB will specify exemptions from these requirements for mandatory programs pursuant to section 504(c) of the FCRA.

Unless otherwise specified by law, budget authority is available to liquidate obligations (i.e., outlays) for only five fiscal years after the authority expires. For credit subsidies financed by annual or multi-year budget authority, you must ensure that the budget authority obligated for the subsidy cost will remain available for disbursement over the full period in which loans will be disbursed. If you expect the disbursement period will be longer than five fiscal years after the budget authority expires, you must include a special provision in the appropriations language (see section 95).

185.2 What background information must I know?

The FCRA changed the budgetary measurement of cost for direct loans and loan guarantees from the cash flows into or out of the Treasury at the time such cash flows occurred, to the estimated long-term cost to the Government on a present value basis.

Only the unreimbursed costs of making or guaranteeing new loans (the subsidy cost, on a present value basis, and administrative expenses, on a cash basis) are included in the budget. Agencies must receive appropriations for the subsidy cost before they can enter into direct loan obligations or loan guarantee commitments. The actual cash flows are recorded as a means of financing (see section 20.7(h)) and are not included in the budget totals.

The subsidy cost is the estimated present value of the cash flows from the Government (excluding administrative expenses) less the estimated present value of the cash flows to the Government resulting from a direct loan or loan guarantee, discounted to the time when the loan is disbursed. The cash flows are the contractual cash flows adjusted for expected deviations from the contract terms (delinquencies, defaults, prepayments, and other factors). Present values must be calculated using the Credit Subsidy Calculator 2 (the Calculator). The Calculator discounts the cash flow that is estimated for each time period using the interest rate on a marketable zero-coupon Treasury security with the same maturity as that cash flow from the date of disbursement. A positive net present value means that the Government

incurs a cost for extending a subsidy to borrowers; a negative present value means that the credit program generates a positive return to the Government, excluding administrative costs.

Appropriations for the subsidy cost are made to the program account and are recorded as budget authority. Obligations for the subsidy cost are recorded when the Government enters into a loan obligation or guarantee commitment. Outlays are recorded when the direct loan or guaranteed loan is disbursed to the public and simultaneously the subsidy is paid from the program account to the financing account. The program account also receives appropriations for the direct costs of administering the credit program.

The actual cash flows to and from the Government (e.g., loan disbursements, collections of principal and interest payments, and payment of guarantee claims) are recorded in separate financing accounts. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows. The transactions of the financing accounts are displayed in the Budget *Appendix* for informational and analytical purposes, together with the related program accounts, but are excluded from the budget totals because the net cash flows do not represent a cost to the Government. The direct loan financing account combines the subsidy payment from the program account with borrowing from Treasury to finance direct loans. It repays Treasury over time (with interest) using payments from the borrower. The loan guarantee financing account holds the subsidy payment from the program account as a reserve against default claims on loan guarantees. The reserve, together with interest earnings on this reserve from Treasury, is used to pay default claims over the life of the loans.

All cash flows resulting from direct loan obligations and loan guarantee commitments made prior to the effective date of the FCRA (in FY 1991 or previous years) are recorded in liquidating accounts. These accounts are recorded on a cash basis and are included in the budget totals. Liquidating account collections are available to pay obligations of the account, but they are not available to finance new direct loans or loan guarantees. If the collections are insufficient, the FCRA provides liquidating accounts with permanent indefinite authority to pay for losses and to repay debt owed to Treasury or to other sources.

By focusing on the long-term costs of the program, credit budgeting meets the most fundamental goal of budgetary cost measurement: it provides decision makers with the information and the incentive to allocate resources efficiently. Unlike most budgetary transactions, the cash disbursements for a credit program are a poor measure of cost. Counting outlays for loan disbursements without taking into account probable repayments overstates the cost of direct loans. Loan guarantees appear costless initially because payments of guarantee claims generally occur several years after the decision to extend credit has been made. Credit budgeting places the cost of credit programs on a budgetary basis equivalent to other forms of Federal spending, allowing for better comparison of cost between direct loan and loan guarantee programs, and between credit and other programs. This improves the incentive to make good budgetary decisions.

Agencies are required to reestimate the subsidy cost throughout the life of each cohort of direct loans or loan guarantees to account for differences between the original assumptions of cash flow and actual cash flow or revised assumptions about future cash flow. These reestimates represent additional costs or savings to the Government and are recorded in the budget. Reestimates that indicate an increase in the subsidy cost are financed by permanent indefinite authority. There are two types of reestimates. Interest rate reestimates adjust for the effect on the subsidy of differences between actual interest rates and the discount rates assumed when estimates were made for budget formulation and obligation (the same discount rate assumptions must be used at formulation and obligation). These reestimates must be made when a cohort is at least 90 percent disbursed. Technical reestimates adjust for revised assumptions about loan performance, such as differences between assumed and actual default rates or new projections of prepayments. Technical reestimates must be made after the close of each fiscal year, unless an alternative plan has been approved by OMB.

Modifications of a direct loan or loan guarantee also change the subsidy cost. A modification is any Government action different from the baseline assumptions that affects the subsidy cost, such as a change in the terms of the loan contract or legislation that provides new collection tools. The cost of a modification is the difference between the present value of the remaining cash flows before and after the modification. Before a direct loans or a loan guarantee can be modified, agencies must have budget authority available to cover the cost of a modification that increases the subsidy cost.

185.3 What special terms must I know?

The following are key terms used in credit budgeting. In these definitions, the term "post–1991" means direct loan obligations or loan guarantee commitments made on or after October 1, 1991, and the resulting direct loans or loan guarantees. The term "pre–1992" means direct loan obligations or loan guarantee commitments made prior to October 1, 1991, and the resulting direct loans or loan guarantees.

(a) *Administrative expenses* mean all costs that are directly related to credit program operations, including payments to contractors. The FCRA generally requires that administrative expenses for both pre–1992 and post–1991 direct loans and loan guarantees be included in program accounts. Administrative expenses are included in the liquidating accounts only if the amounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and if no direct loan obligation or loan guarantee commitment has been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991.

Administrative expenses that are tangentially related to the credit program should not be included in the program account. As an illustration, the cost of auditing credit programs that is financed in the accounts for Inspectors General should not be included. Administrative expenses include:

- The appropriate proportion of administrative expenses that are shared with non-credit programs;
- The cost of operating separate offices or units that make policy decisions for credit programs;
- The cost of loan systems development and maintenance, including information technology systems costs (under no circumstances should such costs be paid out of financing accounts);
- The cost of monitoring credit programs and private lenders for compliance with laws and regulations;
- The cost of all activities related to credit extension, loan servicing, write-off, and close out; and
- The cost of collecting delinquent loans, except for the costs of foreclosing, managing, and selling collateral that are capitalized or routinely deducted from the proceeds of sales.

The capitalized costs of foreclosing, managing, and selling collateral are those that add or maintain value to property prior to sale. These costs are part of the cash flows that must be taken into account in calculating the subsidy cost. They are financed by the subsidy cost payment from the program account to the financing account and paid out of the financing account. The cost of managing these functions must be paid from administrative expense appropriations in the program account.

Administrative expenses may be expended directly from the program account or, if authorized by appropriation language (see section 95), used to reimburse a salaries and expenses account or the Federal Financing Bank (FFB). If administrative appropriations are paid to a salaries and expenses account or the FFB, record the transfer as an expenditure transfer. Record an obligation and outlay in the program account and an offsetting collection in the salaries and expenses account. In the salaries and expenses account, obligations for administrative expenses may be recorded without necessarily identifying them as credit program expenses.

Administrative expenses are almost always provided by annual appropriations acts and, therefore, are discretionary spending. If such expenses are included in a program account that subsidizes a mandatory program, the account will be split between mandatory and discretionary spending.

- (b) *Claim payment* means a payment made to private lenders when a guaranteed loan defaults.
- (c) *Cohort* refers to the fiscal year of obligation for direct loan obligations, or loan guarantee commitments of a program (except as provided below for pre–1992 direct loans and loan guarantees that are modified). Even if the direct loans or guaranteed loans are funded in supplemental appropriations acts, or disbursed in subsequent years, the cohort is defined by the fiscal year of obligation.

Cohort accounting applies to post–1991 direct loans and loan guarantees and pre–1992 direct loans and loan guarantees that have been modified. Post–1991 direct loans or loan guarantees remain with their original cohort throughout the life of the loans, even if they are modified. Modified pre–1992 direct and guaranteed loans are assigned to a single cohort defined by the year of modification, program, and credit instrument, regardless of the fiscal year of the appropriation. For purposes of budget presentation, cohorts will be aggregated. However, accounting and other records must be maintained separately for each cohort.

- (d) *Credit Subsidy Calculator 2* means the discounting tool issued by OMB for agencies to calculate credit subsidy costs and financing account interest for post-1991 direct loans and loan guarantees. Subsidy rates and reestimates, and actual interest income or expense for financing accounts, must be calculated with the Credit Subsidy Calculator 2.
- (e) *Direct loan* means a disbursement of funds by the Government to a non-Federal borrower under a contract that requires repayment of such funds with or without interest. The term includes:
 - The purchase of, or participation in, a loan made by another lender;
 - Financing arrangements that defer payment for more than 90 days, including the sale of a Government asset on credit terms; and
 - Loans financed by the Federal Financing Bank (FFB) pursuant to agency loan guarantee authority.

The term does not include the acquisition of federally-guaranteed loans in satisfaction of default or other guarantee claims or the price support loans of the Commodity Credit Corporation.

Pre—1992 loans made by the FFB on behalf of any agency continue to be recorded as direct loans of the agency. Agency guarantees of post—1991 loans that are financed by the FFB are treated as direct loans in the budget, but the intrabudgetary cash flows reflect elements of direct loans and loan guarantees insofar as the direct loan financing account for these loans will collect and hold the subsidy payment from the program account as a reserve to cover losses. This balance, together with interest earnings, will be available to pay the FFB in the event of default by the non-Federal borrower. All other intragovernmental transactions, including financing account interest income and expense, are treated as any other direct loan. Agencies with programs financed by the FFB should consult with the OMB representative with primary responsibility for the program to ensure correct treatment of these loans.

- (f) *Direct loan obligation* means a binding agreement by a Federal agency to make a direct loan when specified conditions are fulfilled by the borrower.
- (g) *Direct loan subsidy cost* means the estimated long-term cost to the Government of a direct loan, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a direct loan is the net present value, at the time when the direct loan is disbursed from the financing account, of the following estimated cash flows:
 - Loan disbursements:

- Repayments of principal;
- Payments of interest;
- Recoveries or proceeds of asset sales; and
- Other payments by or to the Government over the life of the loan.

These estimated cash flows include the effects of estimated defaults, prepayments, fees, penalties, and expected actions by the Government and the borrower within the terms of the loan contract, such as the exercise by the borrower of an option included in the loan contract.

Obligations for the subsidy cost will be recorded against budget authority in the program account when the direct loan obligation is incurred. Accounts payable (to the direct loan financing account) will be recorded in the amount of the estimated obligation. The subsidy will be paid to the financing account for each disbursement when the loan is disbursed. (See section 185.5 and the Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

- (h) *Discount rates* mean the collection of Treasury interest rates that are used to calculate the present value of the cash flows that are estimated over a period of years. The budget assumption discount rates are part of the economic assumptions for the budget year of obligation. Actual discount rates for substantially disbursed cohorts (i.e., at least 90 percent disbursed) are provided roughly 10 days before the end of the fiscal year. For direct loan obligations and loan guarantee commitments, and modifications made in or after 2001, the cash flow estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement (or point of modification) as that cash flow. The discount rates for the budget are provided by OMB in the Credit Subsidy Calculator 2. For subsidy rate estimates beyond the budget year, please consult your OMB representative regarding the appropriate discount rates. The discount rates for technical reestimates, and at which interest will be paid on the amounts borrowed or held as an uninvested balance by a financing account for a particular cohort is a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) derived from this collection of interest rates.
- (i) *Economic assumptions* include the interest rates used for discounting cash flows, the rate of inflation, and may include other assumptions as applicable to a particular program. They also include the interest rate charged to the borrower on the loan, if the rate is tied to a variable benchmark, such as the rate on specified Treasury securities. Agencies must use the appropriate President's Budget economic assumptions for credit subsidy calculations.
- (j) *Financing account* means a non-budgetary account (i.e., its transactions are excluded from the budget totals) that records all of the cash flows resulting from post–1991 direct loans or loan guarantees. It disburses loans, collects repayments and fees, makes claim payments, holds balances, borrows from Treasury, earns or pays interest, and receives the subsidy cost payment from the credit program account. There is at least one financing account associated with each program account. Separate financing accounts are required for direct loan cash flows and for loan guarantee cash flows. Financing account schedules are printed in the Budget *Appendix* together with the program account.
- (k) *Forecast assumptions* are factors that affect the expected cash flows of the direct loan or loan guarantee. They are factors which are estimated, but not actually observable, at the time of loan origination or modification. Forecast assumptions include: default rates, timing of defaults, delinquency rates, late fees, proceeds from the sale of collateral or acquired defaulted loans, income from (and costs of managing) foreclosed collateral and acquired defaulted guaranteed loans, reschedulings, prepayments, loan asset sales proceeds and costs, and disbursement rates.
- (1) *Liquidating account* means a budget account that records all cash flows to and from the Government resulting from pre–1992 direct loan obligations or loan guarantee commitments (unless they have been modified and transferred to a financing account). Liquidating account collections in any year are

available only for obligations incurred during that year or to repay debt. In general, all liquidating account transactions are classified as mandatory. Collections credited to a liquidating account include:

- Interest:
- Loan repayments and prepayments;
- Payments from financing accounts when required for modifications;
- Proceeds from the sales of loans; and
- Fees.

These collections are available only for:

- Interest payments and repayment of debt;
- Disbursements of loans;
- Default and other guarantee claim payments;
- Interest supplement payments;
- Cost of foreclosing, managing, and selling collateral that is capitalized or routinely deducted from the proceeds of sales;
- Payments to financing accounts when required for modifications;
- Administrative expenses, but only if (1) amounts credited to the liquidating accounts would have been available for administrative expenses under a provision of law in effect prior to October 1, 1991, and (2) no direct loan obligations or loan guarantee commitments have been made, or any modification of a direct loan or loan guarantee has been made, since September 30, 1991; and
- Other payments that are necessary for the liquidation of pre–1992 direct loan obligations and loan guarantee commitments.

Amounts credited to liquidating accounts in any year are only available for obligations that are incurred in that year (the outlay may occur in a subsequent year) and for repayment of debt. Any remaining unobligated balances at the end of the fiscal year are unavailable for obligation in subsequent fiscal years and must be transferred to the general fund at the end of the fiscal year unless an extension has been approved by OMB (see section 51.14). The FCRA provides permanent indefinite authority to cover obligations and commitments in the event that funds in liquidating accounts are otherwise insufficient. If the liquidating account's obligations will exceed its collections during the year, the agency must request an apportionment and warrant of permanent indefinite authority estimated to be needed for the fiscal year, before the beginning of the fiscal year.

The liquidating account status of direct and/or guaranteed loans schedule reflects disbursements and repayments of pre–1992 loans. Therefore, in the liquidating account status of direct and/or guaranteed loans:

- There will be no post–1991 direct loan obligations or loan guarantee commitments;
- Direct and guaranteed loan disbursements will be shown only for pre–1992 direct loans or loan guarantees; and
- Repayments and prepayments will reflect only pre-1992 direct loan obligations and loan guarantee commitments.
- (m) *Loan asset sale* means a sale of one or more loans to a non-Federal buyer, individually, pooled, packaged, securitized, or as a joint venture, at a single point in time, subject to parties fulfilling the terms and conditions of the Government's offer. Loan assets consist of direct loans and loan receivables resulting from defaulted guaranteed loans.
- (n) *Loan guarantee* means any guarantee, insurance, or other pledge with respect to the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal

lender, except for the insurance of deposits, shares, or other withdrawable accounts in financial institutions. Loan guarantees do not include 100 percent guaranteed loans that are financed by the FFB pursuant to agency loan guarantee authority; these are treated as direct loans rather than loan guarantees.

- (o) *Loan guarantee commitment* means a binding agreement by a Federal agency to make a loan guarantee when specified conditions are fulfilled by the borrower, the lender, or any other party to the guarantee agreement.
- (p) *Loan guarantee subsidy cost* means the estimated long-term cost to the Government of a loan guarantee, calculated on a net present value basis, excluding administrative costs. Specifically, the cost of a loan guarantee is the net present value, at the time when the guaranteed loan is disbursed by the lender, of the following estimated cash flows:
 - Payments by the Government to cover defaults and delinquencies, interest subsidies, and other requirements; and
 - Payments to the Government, including origination and other fees, penalties, and recoveries.

These estimated cash flows include the effects of expected Government actions and the exercise by the guaranteed lender or the borrower of an option included in the loan guarantee contract.

Obligations for the subsidy cost are recorded against budget authority in the program account, and loan guarantee commitment authority is recorded in the guaranteed loan financing account, when the loan guarantee commitment is made. The subsidy for each disbursement is paid to the guaranteed loan financing account when the loan is disbursed by the private lender. (See section 185.5 and the Credit Subsidy Calculator 2 and accompanying documentation for information about estimating the subsidy.)

- (q) *Loan terms* are those terms made explicit in the contract between the Government and the borrower or in the federally-guaranteed contract between a private lender and the borrower. These assumptions are forecast in the formulation subsidy cost estimate but are known at the time of loan origination. They may include: the interest rate charged on loans, the extent of a guarantee, fees, repayment terms, collateral held, grace periods, options, and other terms and conditions.
- (r) *Methodological assumptions* are the technical practices used to develop subsidy cost estimates and loan modification cost estimates. These assumptions include methods and models or cash flow estimation, discounting methodology, and mathematical equations used in subsidy cost estimation. Agencies are required to use the same version of the Credit Subsidy Calculator 2 within risk categories and cohorts.
- (s) *Modification* means a Government action that (1) differs from actions assumed in the baseline estimate of cash flows and (2) changes the estimated cost of an outstanding direct loan (or direct loan obligation) or an outstanding loan guarantee (or loan guarantee commitment). The modification may be for a single loan or loan guarantee as well as a group; it may be any size; and it may affect pre–1992 direct loans and loan guarantees or post–1991 direct loans or loan guarantees. New legislation that alters the baseline cash flow estimate for a loan or group of loans always results in a modification.

A Government action may change the cost directly by altering the terms of existing contracts, selling loan assets (with or without recourse) or converting guaranteed loans to direct loans by purchasing them from a private lender. It also may change the cost indirectly by legislatively changing the way in which a portfolio of direct loans or guaranteed loans is administered. Examples of changes in the terms of existing loan contracts are forgiveness, forbearance, interest rate reductions, extensions of maturity, and prepayments without penalty. Examples of changes in loan administration are new methods of debt collection, such as using tax refunds to repay loans and restrictions on debt collections. If the baseline cost estimate does not assume an action, and the cost would be increased or decreased as a result of that action, the action is a modification.

Modifications do not include a Government action that is assumed in the baseline cost estimate, as long as the assumption is documented and has been approved by OMB. For example, modifications would not include routine administrative workouts (see section 185.3(ac)) of troubled loans or loans in imminent default. They also would not include a borrower's or the Government's exercise of an option that is permitted within the terms of an existing contract, such as a borrower prepaying the loan. The baseline subsidy estimate must include all anticipated actions by the Government, lenders, and borrowers that are permissible under current law and that affect the cash flow. Subsequently, if the cost estimate of an action by the borrower, lender, or the Government differs from what is anticipated in the documented baseline subsidy estimate, then the difference in cost is included in a reestimate. Assumptions underlying the subsidy estimates must be documented to assist in determining whether an action is a modification or a reestimate.

Modifications do not include additional disbursements to borrowers that increase the amount of an outstanding direct loan or an outstanding loan guarantee. These are treated as new direct loans or loan guarantees in the amount of the additional disbursement.

There are situations where it is not clear whether a Government action constitutes a modification or a reestimate. These situations should be judged on a case-by-case basis by OMB in consultation with the agency. They could include actions by the Government that are not addressed in existing contracts, management changes that are within an agency's existing specific authority for the loan program, and broad changes in agency policy (e.g., a new loan sale policy). In general, if the possibility of the action was explicitly included in the cash flows for the baseline subsidy estimate, and this can be documented, it would most likely be a reestimate. If not, it would most likely be a modification.

Modifications produce a one-time change in the subsidy cost of *outstanding* direct loans (or direct loan obligations) and loan guarantees (or loan guarantee commitments). The effect of the Government action on the subsidy cost of new direct loan obligations and loan guarantee commitments made after the date of the modification, if there is any effect, is not a modification. Instead, the effects are incorporated in the initial cost estimates for subsequent direct loan obligations and loan guarantee commitments.

(t) *Modification cost* means the difference between the estimate of the net present value of the remaining cash flows assumed for the direct loan or loan guarantee contract before and after the modification. The estimate of the remaining cash flows before the modification must be the same as assumed in the baseline for the most recent President's Budget. The estimate of the remaining cash flows after the modification must be the pre-modification cash flows adjusted solely to reflect the effects of the modification.

An outstanding direct loan (or direct loan obligation) or loan guarantee (or loan guarantee commitment) cannot be modified in a manner that increases its cost, unless budget authority for the additional cost has been provided in advance in an appropriations act. Should a modification result in a savings, the amount of the savings are recorded as negative subsidy receipts, and paid to the appropriate negative subsidy receipt account. (See section 185.3(w).) If the modification is mandated in legislation, the legislation itself provides the budget authority to incur a subsidy cost obligation (whether explicitly stated or not).

Budget authority, an obligation, and an outlay will be recorded in the year in which the legislation is enacted or the administrative discretion is exercised, or in the case of appropriations acts enacted before the fiscal year to which they apply, the year for which appropriations are provided. See section 185.7 for guidance on calculating modification costs.

(u) *Modification adjustment transfer* means an adjusting entry to correct for differences between current discount rates and cohort discount rates. When a post–1991 direct loan or loan guarantee is modified, a modification adjustment transfer must be made between the financing account and the general fund. The modification adjustment transfer adjusts for the disconnect between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. These calculations and the budgetary treatment are explained in section <u>185.7</u>.

(v) *Negative subsidies* mean subsidy costs that are less than zero. They occur if the present value of cash inflows to the Government exceeds the present value of cash outflows. In such cases, appropriations bills must still provide specific authority before direct loans or loan guarantees can be made, generally in the form of a loan limitation.

When a direct loan obligation or loan guarantee commitment is made that has a negative subsidy, an amount equal to the negative subsidy will be obligated in the financing account. When the loan is disbursed, the financing account will pay the negative subsidy to the negative subsidy receipt account. The collections are recorded as offsetting receipts, and they offset the agency's budget authority and outlays. The accounting for negative subsidies is discussed in section 185.3(w) below.

(w) **Negative subsidy receipt accounts** mean budget accounts for the receipt of amounts paid from the financing account when there is a negative subsidy for the original estimate or where a modification results in a savings (see sections 185.3(v) and 185.3(t)). The receipt account is a general fund receipt account and amounts are not earmarked for the credit program. They are available for appropriation only in the sense that all general fund receipts are available for appropriation. Separate downward reestimate receipt accounts are used to record amounts paid from the financing account for downward reestimates (see section 185.3(z)).

At the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established for the purpose of earmarking the receipts for appropriation to the program (in which case a special fund expenditure account also will be established and merged with the program account). If the program is a discretionary program, these receipts are available for obligation only to the extent provided in annual appropriations acts. For mandatory programs, the receipts usually are available for administrative expenses only to the extent provided in annual appropriations acts.

Obligations may not be incurred against appropriations of the negative subsidy receipts until they have been credited to the receipt account. Because negative subsidy receipts are not credited to the receipt account until the underlying direct loan or guaranteed loan is disbursed, they might not become available in time to fund expenditures in a timely manner. Such situations might require an appropriation from the general fund to permit obligations to be made until receipts are available for obligation.

- (x) *Net proceeds*, when used in the context of loan asset sales, mean the amounts paid by the purchasers less all seller transaction costs (such as underwriting, rating agency, legal, financial advisory, and due diligence fees) that are paid out of the gross sales proceeds rather than paid as direct obligations by the agency. The net proceeds from the sale of an equity partnership are the same as defined above plus an estimate of the net present value of future cash inflows to the Government from the sale.
- (y) **Program account** means a budget account that receives and obligates appropriations to cover the subsidy cost of a direct loan or loan guarantee and disburses the subsidy cost to the financing account. Program accounts usually receive a separate appropriation for administrative expenses.
- (z) *Reestimates* mean revisions of the subsidy cost estimate of a cohort (or risk category) based on information about the actual performance and/or estimated changes in future cash flows of the cohort. Reestimates must be made immediately after the end of each fiscal year, as long as any loans in the cohort are outstanding, unless a different plan is approved by OMB (see section 185.6). An upward reestimate indicates that insufficient funds had been paid to the financing account, so the increase (plus interest on reestimates) is paid from the program account to the financing account to make it whole. Permanent indefinite budget authority is available for this purpose pursuant to section 504(f) of the FCRA. A downward reestimate indicates that too much subsidy had been paid to the financing account. The excess (plus interest) is disbursed to a downward reestimate receipt account. See section 185.6 for guidance on calculating reestimates.

(aa) *Risk categories* mean subdivisions of a cohort of direct loans or loan guarantees into groups that are relatively homogeneous in cost, given the facts known at the time of obligation or commitment. They are developed by agencies in consultation with the OMB representative with primary budget responsibility for the credit account. The number will depend on the size of the difference in subsidy cost between categories and the ability to predict it statistically based on facts known at origination.

Risk categories will group all direct loans or loan guarantees within a cohort that share characteristics predictive of defaults and other costs. They may be defined by characteristics or combinations of characteristics of the loan, the project financed, and/or the borrower. Examples of characteristics or indicators that may predict cost include:

- The loan-to-value ratio:
- The relationship between the loan interest rate and relevant market rates;
- Type of school attended for education loans;
- Country risk categories for international loans; and
- Various asset or income ratios.

Statistical evidence must be presented, based on historical analysis of program data or comparable credit data, concerning the likely costs of defaults, other deviations from contract, or other costs that are expected to be associated with the loans in that category.

- (ab) *Subsidy estimates* mean estimates of budget authority and outlays for direct loan and loan guarantee subsidy costs for a cohort or risk category of direct loans or loan guarantees. Like budget estimates for non-credit programs, the budget includes both Presidential policy subsidy estimates and baseline subsidy estimates. Baseline subsidy estimates project the current year (CY) levels of subsidy costs into the outyears based on laws already enacted. Presidential policy subsidy estimates reflect the effect on subsidy costs of policies included in the budget, including any proposed legislation that would affect subsidy costs. See section 185.5 for guidance on calculating subsidy estimates.
- (ac) *Work-outs* mean plans that offer options short of default or foreclosure for resolving troubled loans or loans in imminent default, such as deferring or forgiving principal or interest, reducing the borrower's interest rate, extending the loan maturity, or postponing collection action. Work-outs are expected to minimize the cost to the Government of resolving troubled loans or loans in imminent default. They should only be utilized if it is likely that the borrower will be able to repay under the terms of the work-out and if the cost of the work-out is less than the cost of default or foreclosure. For post–1991 direct loans and loan guarantees, the expected effects of work-outs on cash flow are included in the original estimate of the subsidy cost. If the effects of the work out on the cash flow are the same as originally estimated, the subsidy cost does not change. However, if the effects of the work-out result in cash flows that are higher or lower than originally estimated, the difference in cost is included in reestimates, and is not considered a modification.

185.4 Are there special requirements for reporting Antideficiency Act violations?

Yes. The special requirements for credit programs are provided in section <u>145.3</u>.

185.5 How do I calculate the subsidy estimate?

(a) General

You must provide subsidy estimates for both Presidential policy and the baseline for all budget accounts that have post–1991 direct loan obligations or loan guarantee commitments or that have modifications of pre–1992 direct loan or loan guarantee contracts. You must make subsidy estimates for each risk category. Under section 503(a) of the FCRA, OMB has the final responsibility for determining subsidy estimates, in consultation with the agencies.

Use the Credit Subsidy Calculator 2 (the Calculator) to discount all agency-generated estimates of cash flows to and from the Government. The Calculator and documentation provide explanation and examples of the discounting method and how the subsidy rate is calculated. All agencies must use the Calculator and associated discount rates to ensure government-wide comparability and uniformity of discounting. It can be obtained from the OMB representative with primary budget responsibility for the credit account.

Direct loan and loan guarantee subsidy costs are defined in sections 185.3(g) and 185.3(p). The subsidy cost is the estimated long-term cost to the Government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. For budget formulation (and execution), subsidy estimates are to be based on the economic and technical assumptions underlying the President's Budget that is submitted for the fiscal year in which the funds will be obligated. For CY, this means using the economic and technical assumptions underlying the BY subsidy estimates contained in the President's Budget for the previous year (adjusted for changes in terms of the contract or legislation enacted since the budget was transmitted; see section 185.24). For BY through BY+9, this means using the economic and technical assumptions in the President's Budget that will be submitted for BY.

For loans made, guaranteed, or modified in FY 2001 and thereafter, the cash flow that is estimated for each year (or other time period) is discounted using the interest rate on a marketable zero-coupon Treasury security with the same maturity from the date of disbursement as that cash flow. For example, a cash flow expected to occur one year after the date of disbursement will be discounted at the one-year zero-coupon Treasury rate. The discount rate assumptions for the budget will be provided by OMB in a file for use with the Calculator. For estimates of credit subsidy cost in BY+1 through BY+9, please contact the OMB representative with primary responsibility for the account regarding the appropriate discount rates for these estimates.

For consistency between the projected cash flows and economic assumption discount rates in cost estimates for direct loan programs where the borrower interest rate is tied to Treasury rates at the time the loan is made, agencies must use the appropriate economic assumption interest rates derived from the Calculator discount rates underlying the President's Budget for the fiscal year of obligation, incorporating any relevant contractual terms associated with the borrower's interest rate. A tool for deriving interest rate assumptions is available through the OMB representative with primary responsibility for the account.

For purposes of calculating loan guarantee subsidy estimates, the loan guarantee commitment is the full principal amount of the loan that is guaranteed, not just the portion guaranteed by the Government.

For revolving loan guarantee credit facilities, i.e., where a borrower may draw and repay a private lender multiple times under the same contract, agencies may record loan guarantee commitments reflecting the maximum face value that may be outstanding per the contract. Agency credit subsidy cost models for these programs must reflect all other cash flows associated with the anticipated commitments over the life of the cohort. For revolving loan guarantee credit facilities, or other non-standard terms, please contact your primary OMB representative for further guidance.

(b) Presidential policy subsidy estimates

Make separate subsidy estimates for all programs (discretionary and mandatory) for CY and BY. The steps for calculating the Presidential policy estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

• Step 1. Estimate the cash flows to and from the Government for the cohort of direct loans or loan guarantees obligated or committed in that year, for that year and each subsequent year for the life of the direct or guaranteed loan. If you have not finalized the requested amount of obligations or commitments, you may use any amount to calculate the subsidy estimate as long as the cash flows you have developed are based on that same amount. Discount these cash flows to the point of loan disbursement using the Calculator. The difference between the present value of the Government cash outflows and inflows is the total subsidy (i.e., the

subsidy cost) for the obligations or commitments made in that year. For calculations of subsidy cost in BY+1 through BY+9, agencies with separate credit subsidy cost estimates for each cohort should contact their OMB representative for the appropriate discount rates.

- **Step 2.** (Performed automatically by the Calculator.) Calculate the subsidy rate for the cohort by dividing the subsidy cost by the direct loan obligations or loan guarantee commitments made in that year.
- Step 3. When the requested amount of direct loan obligations or loan guarantee commitments has been finalized, multiply the subsidy rate by the direct loan obligations or loan guarantee commitments to calculate budget authority (or offsetting receipts, in the case of negative subsidies) for the subsidy cost.
- **Step 4.** Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years.

(c) Baseline subsidy estimates

The steps for calculating the baseline estimates of subsidy budget authority and outlays (including negative subsidies) for a cohort (or risk category) of direct loans and loan guarantees are as follows:

- Step 1. For discretionary programs, inflate the subsidy budget authority enacted for CY (the base year) to calculate the subsidy budget authority for BY through BY+9. The inflator is the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's Budget that will be submitted for BY.
- Step 2. For mandatory programs, first calculate the subsidy rate as described above under "Presidential policy estimates," excluding the effects of any legislative proposals. For cohorts BY+1 through BY+9, cash flows should be discounted using the appropriate out-year discount rates for each cohort. For each cohort year, multiply the subsidy rate by the baseline estimate of demand for loans to calculate the subsidy BA for that cohort.
- Step 3. For any programs with negative subsidies, first calculate the subsidy rate as described above under "Presidential policy estimates," excluding the effects of any legislative proposals. Then multiply the subsidy rate by the baseline estimate of demand for loans, constrained by the estimated limitation, to calculate the amount of offsetting receipts. The limitation should be estimated by inflating the CY enacted limitation using the annual adjustment factor for non-pay costs (the gross domestic product chain-type price index) provided in the economic assumptions for the President's Budget that will be submitted for BY.
- Step 4. Subsidy outlays for each fiscal year are equal to the subsidy cost for all loans disbursed in that year, whether the loans or guarantees were obligated or committed in that year or in prior years. For CY only, the total also includes outlays for reestimates and interest on reestimates. First calculate outlays expected from disbursements of loans obligated or committed in prior fiscal years; for example, the subsidy cost of a direct loan obligated in CY that disburses equally over 2 years will outlay 50 percent in the first year (CY) and 50 percent in the second year (BY). Then add outlays from disbursements of loans obligated or committed in that year. For CY only, you should also add outlays for reestimates and (although it is not part of the subsidy as such) add outlays for interest on reestimates.

185.6 How do I calculate reestimates?

(a) General

Subsidy reestimates are made on direct loans and loan guarantees that have been disbursed. They are recorded in the current year column of the budget. (For example, the subsidy for direct or guaranteed loans disbursed during 2013 would be reestimated during 2014 and would be recorded in the 2014 column of the FY 2015 Budget.) A closing reestimate should be made once all the loans in the cohort have been repaid or written off.

Two different types of reestimates are made:

- Interest rate reestimates, for differences between discount rate assumptions at the time of formulation (the same assumption is used at the time of obligation or commitment) and the actual interest rate(s) for the year(s) of disbursement; and
- Technical reestimates, for changes in technical assumptions.

Interest rate reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made when a cohort has substantially disbursed (i.e., the first fiscal year when the direct loans or guaranteed loans are at least 90 percent disbursed). The computation should be made after the close of the fiscal year in which this criterion is met, unless a later time within the same fiscal year is approved by the OMB representative with primary budget responsibility for the credit account. You may calculate interest rate reestimates more frequently than under this requirement, including a final interest rate reestimate when the cohort has fully disbursed. You may also perform an interest rate reestimate if a cohort is not yet 90 percent disbursed and no further disbursements are possible. If you decide to do so, consult with the OMB representative with primary responsibility for the account.

An interest rate reestimate will be made to adjust the subsidy estimate for the difference between the discount rates estimated at the time of formulation (the same assumptions are used at the time of obligation or commitment) and the actual interest rate(s) prevailing during the year(s) of disbursement. To calculate the size of this effect, all other assumptions (disbursement rates, default rates, etc.) must be identical to those used to calculate the original subsidy estimate. For those programs with variable interest rate supplements to the lender or with variable interest rates charged to the borrower, the original cash flow projections are adjusted to incorporate the actual interest rate(s) prevailing during the year(s) of disbursement and are subsequently adjusted after the end of each year so long as the loans are outstanding. Please contact the OMB representative with primary responsibility for the account for further guidance. Those programs that benchmark to Treasury rates for borrower's interest rates or interest subsidies to lenders will also update cash flow assumptions for the actual Treasury interest rates.

Technical reestimates of the subsidy cost of a cohort of direct loans or loan guarantees must be made after the close of each fiscal year as long as the loans are outstanding, unless a different plan is approved by the OMB representative with primary budget responsibility for the credit account. The different plan might be with regard to the time when reestimates are made within the year or the frequency of reestimates. If the plan allows reestimates to be made less frequently than every year, it should require reestimates to be made for any year when any one of the following five conditions is met:

- (1) When required based on periodic schedules established in coordination with OMB, consistent with the unique attributes of each program (e.g., initially every two years after the cohort has been substantially disbursed, then every five years);
- (2) When a major change in actual versus projected activity is detected (e.g., a loan that is large relative to the size of the portfolio goes into default or prepays substantially earlier than expected);
- (3) When a material difference is detected through monitoring triggers developed in coordination with OMB. The triggers would focus on major data elements (e.g., total projected versus total actual

cohort collections) rather than in-depth individual cohort analysis. Agencies should focus on a few major loan elements recognizing there are different key elements applicable to each program and different reporting problems;

- (4) When a cohort reaches 90 percent disbursement. The final cohort interest rate is established from the first technical reestimate following the interest rate reestimate (see 185.36 below); and
- (5) When a cohort is being closed out.

Technical reestimates are made for all changes in assumptions other than interest rates. This type of reestimate compares the subsidy estimate that already includes any reestimate for actual interest rates with a reestimated subsidy using updated technical information (for defaults, fees, recoveries, etc.) as well as actual interest rates.

The purpose of technical reestimates is to adjust the subsidy estimate for differences between the original projection of cash flows (as estimated at obligation) and the amount and timing of cash flows that are expected based on actual experience, new forecasts about future economic conditions, and other events and improvements in the methods used to estimate future cash flows. Because actual cash flows are experienced every year and the ability to forecast future years also changes, this reestimate must be done after the end of every fiscal year as long as any loans are outstanding (except as provided above).

Reestimates must be made separately for each cohort. If a cohort is divided into risk categories, each risk category within a cohort must be reestimated separately. The reestimate will then be compared with the previous estimate. For this purpose, all details of the previous subsidy estimates by risk category should be retained in program records.

The requirements for recording reestimates in the budget and the financial statements are not identical. For both interest rate and technical reestimates, you should record reestimates in the budget whenever they have been made for the financial statements even if they are not otherwise required for the budget under the criteria of this chapter (e.g., if interest rate reestimates are made before the cohort is substantially disbursed, or if technical reestimates are made more often than under a plan OMB has approved). You should also be sure to record reestimates in the budget whenever they are required for the budget under the criteria of this section, even if they are not required for the financial statements (e.g., if reestimates are not material for the financial statements). Whenever reestimates are made less frequently than every year, the reestimate should cover cumulatively the entire period since the last reestimate.

(b) Calculating interest rate reestimates

Use the following procedures to calculate interest rate reestimates, unless an alternative method has been approved by OMB. For further details, see the instructions accompanying the Credit Subsidy Calculator 2 (the Calculator), available from the OMB representative with primary budget responsibility for the credit account.

- **Step 1.** Start with the original cash flows used to estimate the subsidy at obligation (on a risk category basis), updated only for actual interest rate(s) as outlined above.
- Step 2. Reestimate the subsidy rate using the Calculator. The Calculator will use the actual average annual interest rates for the year in which the loans were disbursed. For programs that disburse over more than one year, the Calculator will determine a disbursement-weighted average discount rate (for cohorts before 2001) or single effective rate (for cohorts 2001 and after) based on actual average annual interest rates for each year in which loans have disbursed using the original disbursement assumptions. The Calculator will calculate a revised subsidy rate for the entire cohort. This is the interest rate reestimated subsidy rate.
- Step 3. Calculate the percentage point difference between this revised subsidy rate and the subsidy rate estimated at the time of obligation. For example, if the subsidy rate estimated at the

time of obligation is 7 percent and the revised subsidy rate is 9 percent, then this difference is 2 percentage points. The Calculator can automatically perform this calculation when performing technical reestimates, please see accompanying documentation for the Calculator for more information.

- Step 4. Multiply the dollar value of actual loan disbursements to date by the percentage point difference in the subsidy rates. For example, using the case in step 3, if \$100 million in loans have been disbursed, then this amount would be \$2 million (\$100 million multiplied by 2 percentage points). The product is the cumulative interest rate reestimate.
- Step 5. To derive the additional interest rate subsidy reestimate for the current year, deduct previous interest rate reestimates, if any (see 185.6 (d) below).

(c) Calculating technical reestimates

There are two methods for calculating technical reestimates: the traditional approach and the balances approach. Under the traditional approach, reestimates are performed by revising the original subsidy estimate cash flows to incorporate any available actual data and to update future year projected data for any changes in assumptions. Under the balances approach, reestimates are performed by comparing the net present value of projected future cash flows to the balance in the financing account. The Calculator can calculate both traditional approach and balances approach reestimated subsidy rates. The dollar reestimate is calculated using the balances approach. Both traditional and balances approach reestimates are required for each risk category/cohort, unless otherwise approved by OMB.

Agencies are required to use the Calculator for reestimate submissions for the President's Budget. The Calculator is available from the OMB representative with primary budget responsibility for the credit account to assist with these calculations. For further details, see the documentation accompanying the Calculator.

(d) *Calculating interest on reestimates*

Interest on reestimates is the amount of interest that would have been earned or paid by each cohort on the subsidy reestimate, if the reestimated subsidy had been included as part of the original subsidy estimate. It is paid on the amount of the reestimate by the program account (for upward reestimates) or the financing account (for downward reestimates). The purpose is to put the financing account in the same position as if the subsidy cost had been estimated in the first place using the information that is incorporated in the reestimate. The interest rate to calculate the interest on reestimates is the same rate that is used to discount cash flows for the cohort. Interest on reestimates is calculated automatically by the Calculator.

(e) Financing account interest adjustments

The financing account interest adjustment corrects for the difference between the interest that should have been earned or paid on the financing account debt and cash balances, and the actual net financing account interest executed for the cohort. This allows agencies to correct for the period where interest was earned or paid using budget assumption interest rates before the actual rates were available.

Financing account interest adjustments are included in the interest on reestimate for reporting purposes. The Calculator can automatically calculate the financing account interest adjustment for cohorts with historical data. This approach reduces the number of transactions required to adjust for changes in the financing account interest calculation, a non-Budgetary transaction. Please see the documentation accompanying the Calculator.

(f) Reestimate increases/decreases

All increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

If the reestimate indicates a net increase in the subsidy cost of the cohort as a whole since the last estimate or reestimate, an obligation in the amount of the net increase (plus interest) must be recorded against permanent indefinite budget authority available to the program account for this purpose. The obligation must be recorded separately in the program and financing schedule as "reestimates of direct loan subsidy" or as "reestimates of loan guarantee subsidy" (and as "interest on reestimates of direct loan subsidy" or as "interest on reestimates of loan guarantee subsidy"), so that it can be distinguished from obligations for the subsidy cost of new loans and loan guarantees. An equal amount of outlays from the program account to the financing account will be recorded when the reestimate is made. The interest rate to calculate the interest on upward reestimates is the same rate that is used to discount cash flows for the cohort.

When outlays for reestimates are recorded in the credit program account, an equal amount of offsetting collections will be recorded in the appropriate risk categories in the financing account. In the case of direct loans, the offsetting collections from the program account, together with repayments from borrowers, will be used to pay interest and repay principal on borrowing from Treasury and for other expenses. In the case of loan guarantees, the offsetting collections will be retained as unobligated balances, together with the unobligated balances of the original subsidy payment, fees, and interest, until needed to pay default claims and other expenses. Any unused balances of collections due to the reestimate will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

If the reestimate indicates a net decrease in the subsidy cost of the cohort as a whole since the last estimate or reestimate, there is a downward reestimate. To keep the correct amount of balances in the financing account, an obligation and a financing disbursement in the amount of the net decrease (plus interest on reestimate) must be recorded in the financing account. In the case of direct loans, the obligation will typically be financed with authority to borrow from the Treasury. In the case of loan guarantees, the obligation will typically be financed with unobligated balances. The obligation will be recorded in the program and financing schedule as "payment of downward reestimates" (and as "interest on downward reestimates"). The interest rate to calculate the interest on downward reestimates is the same rate that is used to discount cash flows for the cohort.

As a general rule, the financing disbursement for a downward reestimate (plus interest on reestimate) will be made from the financing account to a general fund downward reestimate receipt account established for each credit program. The receipts will be recorded as offsetting receipts, which will offset the total budget authority and outlays of the agency and the budget subfunction of the program. However, at the discretion of the OMB representative with primary responsibility for the program, a special fund receipt account may instead be established.

If a special fund receipt account is used for the credit program and already exists, the downward reestimates and interest on reestimates will be recorded in a subaccount rather than a new special fund receipt account. Schedule N is required for these special funds (see section <u>86.4</u>). When a special fund receipt account is used, the receipts from downward reestimates and interest on reestimates, like those from negative subsidies, are only available for obligation to the extent provided in advance in appropriations acts (except for mandatory programs, where they are immediately available for obligation). The normal provisions still apply: discretionary appropriations are required for discretionary subsidy costs, modifications, and administrative costs; mandatory appropriations are available for upward reestimates and mandatory programs.

(g) Closing reestimates

Agencies will make a closing technical reestimate once all of the loans in a cohort have been either repaid or written off. This reestimate will be based on actual accounting systems data and will be used in closing the accounting books for the cohort. All the procedures that are described above for the technical reestimate and interest on reestimates are applied. Closing entries will be made in the accounting records.

The increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other; that is, risk categories which require increased subsidies may first draw on the excess from any risk categories within the cohort where the reestimate shows a subsidy decrease. No such netting may occur between cohorts.

185.7 How do I calculate and record modifications?

When a direct loan or loan guarantee is modified, the subsidy cost of the modification must be calculated. The subsidy cost calculation will indicate whether the Government action changes the subsidy cost. If there is no change in cost, there will be no budgetary effect, and nothing needs to be recorded in the budget. If the modification will increase or decrease the cost, the budgetary effect must be recorded as described under modification cost increases/decreases below. Additional transfers to or from the financing account will be required, with the type of transfer depending on whether the modification affects pre–1992 or post–1991 direct loans and loan guarantees. These additional transfers are described in a separate subsection below.

The subsidy cost of the modification is the difference between the estimate of the net present value of the remaining cash flows for the direct loan or loan guarantee before and after the modification. The estimate of remaining cash flows before modification must be the same as assumed in the baseline for the most recent President's Budget. The estimate of remaining cash flows after modification must be the premodification cash flows adjusted solely to reflect the effects of the modification.

(a) Estimating the modification subsidy cost

The modification subsidy cost is calculated using the steps below (where cash flows to the Government have positive signs and cash flows from the Government have negative signs). Note: If you are using cash flows prepared for the Credit Subsidy Calculator 2, you may need to adjust the signs on some cash flows for the following modification calculation.). These steps must be followed for each cohort affected by the modifying action.

- Step 1. Calculate the net present value of remaining pre-modification cash flows. Use the reestimated cash flows from the most recent President's Budget. If applicable, exclude prior year cash flow data; calculations should be made using only the estimated flows for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2015, then the discount rates used to discount the cash flows will be the interest rates used to formulate the 2015 President's Budget.
- Step 2. Calculate the net present value of remaining post-modification cash flows. Use the same cash flows used in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.

- Step 3. Compute the cost of the modification. This is equal to step 1 minus step 2. The results of this calculation will be positive, negative, or zero. A positive estimate indicates that the Government will incur an additional subsidy cost because of the modification. A negative estimate indicates that the Government is achieving savings.
- (1) Cost increases. Modifications may be made only to the extent that budget authority for the additional cost has been provided in advance and is available in the program account. At the time that a modification is made, record an obligation in the amount of the estimated increase in subsidy cost against budget authority in the program account. At the same time, record an outlay in the amount of the increase in the subsidy cost from the program account to the appropriate direct loan or guaranteed loan financing account. Simultaneously, record an equal amount of offsetting collections in the financing account.

In the case of direct loans, the offsetting collections in the financing account will be credited to the cohort and risk category of the modified loan and will be used to pay interest and to repay debt owed to Treasury and for other expenses. In the case of loan guarantees, the offsetting collections will be credited to the cohort and risk category of the modified loan guarantee and will be retained as unobligated balances until needed to pay default claims and other expenses. The additional balances due to the modification will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

(2) Cost decreases. At the time that a modification is made, record an obligation in the amount of the estimated decrease in subsidy cost in the financing account. In the case of a direct loan modification, record the obligation against authority to borrow from the Treasury. In the case of a loan guarantee, record the obligation against unobligated balances for the cohort, or if unobligated balances are insufficient, against authority to borrow. At the same time, record in the financing account an equal disbursement to the negative subsidy receipt account established for each credit program.

See sections <u>185.10</u>, <u>185.11</u>, and <u>185.30</u> for additional information on recording these transactions for budget formulation and execution.

(b) Estimating the modification adjustment transfer

The above calculation is the cost of the modification. However, for post–1991 direct loans or loan guarantees, an additional calculation must be accomplished to account for the difference between the discount rate used to calculate the cost of the modification and the interest rate at which the cohort pays or earns interest. If the only transfer made between the financing account and the general fund was for the change in the subsidy cost, the resources of the financing account would be out of balance because of this difference. This imbalance is corrected by a modification adjustment transfer between the financing account and the general fund. The transfer is not an outlay or an offsetting collection because it does not represent a cost to the Government of the loan or the guarantee. Instead, it is a facilitating adjustment to balance the present value of the assets and liabilities held by the financing account.

To compute the modification adjustment transfer, one needs to follow the following steps:

- Step 4. Calculate the net present value of remaining pre-modification cash flows using cohort interest rates. Take the pre-modification cash flows from step 1 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 1).
- Step 5. Calculate the net present value of remaining post-modification cash flows using cohort interest rates. Take the post-modification cash flows from step 2 and compute the net present value of these cash flows using the applicable cohort interest rate (as opposed to the President's Budget formulation discount rates used in step 2).
- Step 6. Compute the difference between step 4 and step 5. This is equal to step 4 minus step 5.

• Step 7. Compute the modification adjustment transfer (MAT). This is equal to step 6 minus step 3. If the MAT is negative, then the MAT should be transferred from the financing account to the general fund. If the MAT is positive, then the MAT should be transferred from the general fund to the financing account.

If the financing account makes a modification adjustment transfer to the general fund, this transfer is recorded on line 1820, Capital transfer from offsetting collections to general fund (-). The transfer and the modification subsidy cost together produce the following transactions with Treasury. All transactions noted below are recorded on the program and financing schedule.

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance brought forward into the following fiscal year (line 1000 in the following fiscal year). The capital transfer to the general fund reduces the amount by which the unobligated balance is increased. (The amount of the increase shown on line 1000 is net of the capital transfer.) Subsequent interest earnings on the addition to the balance are lower than they would have been without the capital transfer.
- If a direct loan is modified, the financing account's offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 1825, Spending authority from offsetting collections applied to repay debt). The capital transfer reduces the amount by which the debt is reduced. (The amount of the increase shown on line 1825 is net of the capital transfer.) Subsequent interest paid to Treasury is higher than it would have been without the capital transfer.
- For modification adjustment transfers to the general fund, the general fund will collect the modification adjustment transfer in a non-budgetary capital transfer receipt account. Treasury receipt account 2814 should be used to collect the modification adjustment transfers from all financing accounts. For more information about this account, see the Treasury Federal Account Symbols and Titles (FAST Book), available at https://www.fiscal.treasury.gov/fsreports/ref/fastBook/fastbook home.htm.

If the financing account receives a modification adjustment transfer from the general fund, this is recorded in the financing account as a permanent appropriation (line 1200, Appropriation). Cite the Federal Credit Reform Act (FCRA), P.L. 101-508, as the law providing budget authority for the modification adjustment transfer. The transfer and the modification subsidy cost together produce the following transactions with Treasury. All transactions noted below are recorded on the program and financing schedule.

- If a loan guarantee is modified, the financing account's offsetting collection for the modification cost increases the unobligated balance brought forward into the following fiscal year (line 1000). The modification adjustment transfer also increases the unobligated balance (line 1000). Subsequent interest on uninvested funds is higher than it would have been without the modification adjustment transfer.
- If a direct loan is modified, the offsetting collection for the modification cost is used to reduce debt owed to Treasury (line 1825, Spending authority from offsetting collections applied to repay debt). The modification adjustment transfer is also used to reduce debt owed to Treasury (line 1236, Appropriations applied to repay debt). Subsequent interest paid to Treasury is lower than it would have been without the modification adjustment transfer.
- (c) Additional financing account transfers for modifications of pre–1992 direct loans and loan guarantees

When modifications are made to pre–1992 direct loans and loan guarantees, the immediately following approach (#1) should be used, unless the OMB representative for the credit program approves using the alternative approach (described in #2 below).

- 1) Transfer of asset or liability to financing account. Pre-1992 direct loans and loan guarantees are held in liquidating accounts until they are modified. When they are modified, they are "purchased" from the liquidating account by the financing account. The direct loan asset or loan guarantee liability will be transferred from the liquidating account to the financing account, and a one-time adjusting payment will be made between the two accounts. The adjusting payment will equal the estimated net present value of the pre-modification cash flows. At the same time, the cost (or savings) of the modification will flow to or from the financing account. When the transaction is complete, the newly modified loan or guarantee will reside in the financing account. This process is accomplished by the following steps:
 - Step 1. Calculate the net present value of remaining pre-modification cash flows. Calculations should be made using only the baseline estimated net cash flows in the liquidating account from the most recent President's Budget for the current and future years. Discount these cash flows using the discount rates assumed in formulating the subsidy estimates in the President's Budget for the year in which the modification takes place. For example, if the modification will occur in 2015, then the discount rates used to discount the cash flows will be those used to formulate the 2015 President's Budget.
 - Step 2. Calculate the net present value of remaining post-modification cash flows. Use the same cash flows as in step 1 above, modified only to reflect the effect of the modification. Do not alter the cash flows to reflect any other changes that may have occurred between the most recent President's Budget and the time of the modification. Use the same discount rates as in step 1 above to discount these post-modification cash flows. If a loan asset is sold, in most cases the post-modification cash flows will be the net proceeds expected from the sale (see section 185.8) and no discounting is necessary. Contact your OMB representative with questions on calculations for loan asset sales.
 - Step 3. Compute the adjusting payment. If the net present value computed in step 1 above is positive (representing future collections to the Government), then the adjusting payment for the purchase of the loan or guarantee will flow from the financing account to the liquidating account to compensate the liquidating account for this loss of expected inflow. An obligation and a disbursement will be recorded in the financing account in the amount of the adjusting payment. The liquidating account will record offsetting collections equal to the adjusting payment, which it will use to repay debt owed to Treasury or to transfer to the general fund as a capital transfer.

If the net present value computed in step 1 above is negative (representing future claims on the Government), then the adjusting payment will flow from the liquidating account to the financing account to compensate the financing account for its new burden of expected outflows. Unobligated balances and permanent indefinite appropriations to the liquidating account will be used to make the payment. Outlays will be recorded in the liquidating account in the amount of the payment when it is made. The financing account will record an equal amount of offsetting collections.

• Step 4. Compute the cost of modification. This is equal to step 1 minus step 2. The results of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. If the cost is negative (a savings), then this amount should be paid from the financing account to the negative receipt account. For information on recording these transactions, see section 185.7(a).

The adjusting payment computed in step 3 and the modification cost/savings computed in step 4 are moved simultaneously on the same governing apportionment. Either an adjusting payment or a modification savings (or both) may require the financing account to borrow funds from Treasury in order to accomplish the outflowing payment. If this occurs, collections from the assets purchased by the financing account will be used to pay interest and repay debt owed to Treasury.

- 2) Assets retained by liquidating account. Subject to the approval of the OMB representative for the credit program, some loans or guarantees may remain in the liquidating account after modification. This method might be used if a modification affects a large number of direct loans or loan guarantees and it would be less complicated for the liquidating account to retain the assets or liabilities. In these cases, the modification process is accomplished by the following steps:
 - Step 1. See step 1 in (c)(1) above.
 - *Step 2*. See step 2 in (c)(1) above.
 - Step 3. Compute the cost of modification. This is equal to step 1 minus step 2. The result of this calculation will be positive, negative or zero. If the cost is positive, this amount should be outlayed from the program account to the financing account. The financing account will then obligate and disburse the same amount to the liquidating account to compensate it for the reduced asset or increased liability. The liquidating account will record offsetting collections, which it will use to pay current obligations or to repay debt. If the cost is negative (a savings), the liquidating account will use permanent indefinite authority to make a payment to the financing account equal to the modification savings. The financing account will consequently record offsetting collections, which it will pay to the negative subsidy receipt account for the credit program. Because both modification costs and savings result in equalizing flows among the program, financing, liquidating, and negative subsidy receipt accounts (as applicable), neither a modification cost nor savings directly causes a net change in the surplus or deficit. However, interest, repayments, default claims, and other loan cash flows may change both in that year and in future years.

See section <u>185.31</u> for specific guidance on reporting these transactions for budget execution.

(d) Single cohort for modifications of pre–1992 direct loans or loan guarantees

All modifications of pre–1992 direct loans and loan guarantees for a given program will be accounted for in a single direct loan cohort or a single loan guarantee cohort.

185.8 What must I know about the sale of loan assets?

(a) General

Under the Debt Collection Improvement Act of 1996, credit agencies with over \$100 million in loan assets are expected to sell delinquent loan assets that meet the criteria described in (b). This applies to loan assets held by both liquidating and financing accounts. The cash flows used to calculate the baseline subsidy rates for existing cohorts should be adjusted to reflect this policy, as should the cash flows used to estimate the subsidy rates for future cohorts. Modifications of this policy that increase the cost will have to be covered by appropriations of subsidy budget authority. Differences between the estimated and actual sale proceeds due to market conditions will be treated as reestimates.

Agencies are also encouraged to explore selling performing loan assets to the extent such sales would benefit the Government. In such cases, the procedures, analysis, and methods for selling performing assets are the same for selling delinquent loan assets.

(b) Loan asset sale criteria

Loan assets that are more than one year delinquent should be sold, except for the following categories of loans:

• Loans to foreign countries or entities.

- Loans in structured forbearance, when conversion to repayment status is expected within 12 months or after statutory requirements are met.
- Loans that are written off as unenforceable due to death, disability, or bankruptcy.
- Loans that have been submitted to Treasury for offset and are expected to be extinguished within three years.
- Loans in adjudication or foreclosure.

Performing loan assets may be sold as well, either alone or in conjunction with delinquent loan assets, to the extent that such sales provide benefits to either the program or the Government as a whole.

Agencies should consult the OMB representative with primary responsibility for the account to determine which loan assets meet these criteria.

(c) Justification for non-compliance

If an agency can demonstrate that the present value of cash flows associated with continued Government ownership of the loan assets would exceed the expected sale proceeds, the agency may not be required to sell the loan assets. Also, if there is a serious conflict between selling loan assets and Administration policy for the program, and the agency can justify to the satisfaction of their OMB representative that the sale policy cannot be reconciled with the program policy, the agency may not be required to sell the loan assets. Agencies should consult with the OMB representative with primary responsibility for the program if they believe either of these tests would be met.

(d) *Cost of loan asset sales*

If the cash flows for existing loans do not incorporate an explicit assumption about the sale of loan assets, the sale is a modification, whether the loan assets are held by financing accounts or liquidating accounts. Otherwise, the sale is part of the subsidy estimates for Presidential policy and the baseline, and differences between the estimated and actual sale proceeds are a reestimate.

If the sale is a modification, the cost would equal the difference between the net sale proceeds and the estimated value to the Government, on a present value basis, of continuing to own the loan asset (the "hold value"). The method for calculating the hold value is the same as for calculating the net present value of cash flows before modification, as outlined in section 185.7(a).

The modification cost of multiple sales with closing dates in the same fiscal year is the sum of the cost or saving calculated for each sale of loans within the same cohort or risk category. The closing date of a sale is the date on which the seller and the buyer(s) close the transaction and title of the assets legally transfers to the buyer(s). Therefore, for loans within the same cohort or risk category, a modification cost for one sale can be offset by a modification saving for a different sale within the same fiscal year. For sales that include loans from more than one cohort or risk category, a single modification cost or savings is first calculated for all of the loans sold, and the cost or savings is subdivided among each of the cohorts or risk categories.

Loan assets that are sold with recourse are treated as a combination of a sale without recourse and a new loan guarantee. The cost of the provision for recourse is estimated separately from the cost of the loan asset sale, and the subsidy for its cost, as well as the cost of the implicit loan sale without recourse, must be appropriated in advance of the sale. Sales with recourse are not permitted except where they are specifically authorized by statute.

If the Government takes an equity stake (or participation) in the cash flow of the sold assets, such as a joint venture or equity-held sale, the net sale proceeds equal the actual cash proceeds plus an estimate of the present value of the proceeds from the Government's equity position, net of any transaction costs.

You may pay certain direct costs of loan asset sales from the gross proceeds of those sales. In general, the guidelines for whether an expense should be paid from the administrative expense appropriation or from asset sale proceeds are similar to those for determining whether an expense should be paid from the administrative expense appropriation to the program account or from the financing account (see section 185.3(a)). Generally, costs that may be paid from proceeds include:

- Underwriting;
- Rating agency;
- Due diligence;
- Legal; and
- Transaction financial advisory fees.

These costs are part of the cash flows used to calculate net sale proceeds to determine the modification cost of the sale (if the sale constitutes a modification) or to reestimate the subsidy cost on a cohort in which loan assets have been sold (if the sale is not a modification).

The costs of Government personnel, travel, computer systems, etc., associated with the development and execution of a loan asset sales program, as well as the cost of any contracts for asset sale program financial advisory services, should be paid from the agency's administrative expense appropriation. Questions about whether a specific cost should be paid from the administrative expense appropriation or sale proceeds should be directed to OMB.

(e) *OMB review of sales*

No sale may occur without the approval of the OMB representative. After identifying loans that meet the criteria described in (b), agencies must develop a plan for selling these loans in consultation with their OMB representative. In addition, at least 30 calendar days prior to the scheduled final bid day (the last date on which a buyer may submit a bid to the seller), the agency must submit for approval to the OMB representative with primary responsibility for the program the following information:

- The expected date of sale;
- A description of the loans to be sold (including balances, business program under which the loans were originated, and current payment status);
- The estimated hold value, with relevant supporting documents and analysis;
- The estimated net sale proceeds, with relevant supporting documents and analysis;
- The estimated modification cost, whether positive, negative, or zero; and
- An evaluation of relevant previous asset sales, including the hold values, net sale proceeds, and positive/negative subsidy generated from each, if applicable.

Three weeks after the sale, an agency must advise the OMB representative of the actual amount of the proceeds realized from the sale and the actual amount of the transaction costs that were paid from the proceeds.

185.9 What are the budget formulation reporting requirements for credit accounts?

Each program making or having outstanding post–1991 direct loans or loan guarantees will have at least two and as many as six types of accounts, even if the Administration is proposing to terminate the program or the program has been previously terminated. The accounts are:

- A program account.
- A financing account for direct loan obligations, if any.
- A financing account for loan guarantee commitments, if any.
- A negative subsidy receipt account for negative subsidies, if any.

- A downward reestimate receipt account for downward reestimates, if any.
- A liquidating account for pre–1992 direct loans and loan guarantees, if any.

Generally, the print materials and MAX schedules required for credit program, financing, liquidating, and negative subsidy receipt accounts are listed below. References to applicable A–11 sections are also provided.

SUMMARY OF REQUIREMENTS

Requirement	Program	Financing	Liquidating	Receipt
Appropriations language (section <u>95</u>)	✓			
Narrative statement (section <u>95</u>)		✓	✓	
Schedule P (PY-BY) (section <u>82</u>)	√	✓	✓	
Schedule O (PY-BY) (section <u>83</u>)	√		✓	
Schedule N (PY-BY) (section <u>86</u>)	✓			
Schedule U (PY-BY) (section <u>185</u>)	✓			
Schedule A (PY-BY+9) (section <u>81</u>)	✓		✓	
Schedule S (CY-BY+9) (section <u>81</u>)	✓		✓	
Schedule C (PY-BY) (section <u>84</u>)	✓		✓	
Schedule G (PY-BY+4) (section <u>185</u>)		✓	✓	
Schedule H (PY-BY+4) (section <u>185</u>)		✓	✓	
Schedule R (PY-BY+9) (section <u>81</u>)				✓
Schedule K (PY-BY+9) (section <u>81</u>)				✓
Schedule Y (PY-BY+9) (section <u>185</u>)		✓	✓	
Schedule F (PY-1-PY) (section <u>86</u>)		✓	✓	

Separate schedules are required for supplemental requests and proposed legislation items for all credit accounts (see sections 79.2 and 82.10). These schedules show the effect of the supplemental request or proposed legislation on the information presented in the regular schedules for the program. For post-1991 credit programs, amounts reflected in related credit program accounts, financing accounts, and receipt accounts must agree. Cross-account edit checks and other credit-account edit checks are included in the MAX Edit Checks report on the <u>Budget Season Reports</u> page.

A written justification is required for all new credit programs or for reauthorizing, expanding, or significantly increasing funding for existing credit programs. The justification must address the Federal credit policies and guidelines contained in OMB Circular No. $\underline{A-129}$. For more information on required budget justification materials, see section $\underline{51}$.

185.10 What do I report for program accounts?

Program accounts are required for post–1991 direct loan obligations or loan guarantee commitments and for modifications of pre–1992 direct loans and loan guarantees. They record budget authority, obligations, and outlays for subsidy costs and the administrative expenses of a credit program (including administrative expenses for pre–1992 direct loans and loan guarantees). In most cases, current, definite budget authority is provided in appropriation acts for subsidy payments (except for entitlements, which have permanent indefinite budget authority) and administrative expenses. Permanent indefinite authority is available for reestimates and interest on reestimates.

(a) *Program and financing schedule (schedule P)*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule (see exhibit 185A):

	SELECTER) P&F ENTRIF	S IN PROGR	AM ACCOUNTS
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Line number	Description
	OBLIGATIONS BY PROGRAM ACTIVITY:
0701	Direct loan subsidy
0702	Loan guarantee subsidy
0703	Subsidy for modifications of direct loans
0704	Subsidy for modifications of loan guarantees
0705	Reestimates of direct loan subsidy
0706	Interest on reestimates of direct loan subsidy
0707	Reestimates of loan guarantee subsidy
0708	Interest on reestimates of loan guarantee subsidy
0709	Administrative expenses

The data for the lines 0705, 0706, 0707, and 0708 is automatically generated from the Credit Supplement Report (CSR) exercise.

(b) *Object classification (schedule O)*

Record all direct expenses in the appropriate object class. To record subsidy obligations, use object class 41, Grants, subsidies, and contributions. For administrative expenses transferred to a salaries and expenses account, use object class 25.3, Other purchases of goods and services from Federal sources. In the salaries and expenses account receiving the transfer, record reimbursable obligations for administrative expenses using a "2" as the first digit of the line number. (See section 83 for more information about the classification of reimbursable programs in the object class schedule.)

(c) Loan levels and subsidy (schedule U)

Prepare a schedule of loan levels (see exhibit <u>185B</u>), subsidy budget authority, subsidy rate, subsidy outlays, and reestimates for each program account. These data are displayed by program or by program and risk category. The titles of the stub entries should be tailored to identify the program to which each entry belongs. To add, delete, or modify a risk category, please contact your primary OMB representative.

Note that in each column, some entries are reported by cohort while others (reestimates) are reported for combined cohorts. Although no outyear data are collected in schedule U, you may be required to provide outyear data by your OMB representative. Schedule U data is identified by a four-digit line number and a two-digit suffix. The four-digit number identifies data by category (e.g., direct loan subsidy budget authority). The two-digit suffix differentiates between the various risk categories reported in the schedule unless the line is a total line. Subsidy rates and reestimates for direct loan and guaranteed loan programs entered into MAX are controlled by edit-checks based on calculations that have been reviewed and approved by OMB (see sections 185.5 and 185.6). If you have questions about the approved values, please contact your primary OMB representative. MAX will automatically generate the summary data for line entries indicated in **boldface** below.

DATA REQUIREMENTS FOR SCHEDULE U

Entry	Description
Direct loan levels supportable by subsidy budget authority:	
1150xx Direct loan levels	Equals the amount of direct loans that can be obligated with the subsidy budget authority requested or available in that year, except in cases where loan volume limitations would prevent the full obligation of available budget authority. In those cases enter the maximum amount that can be obligated under enacted and anticipated limitations. For revolving loans, include the cumulative anticipated face value drawn under the facilities. Include loan volume reestimates, if any, in PY. The loan volume should match schedule G in the financing account. For PY, enter the actual level of loans obligated, which may include limitation from carry forward or may be less than the full limitation appropriated. For CY and BY, enter the expected level of loans to be obligated, including the unused portion of multi-year loan limitations that are carried forward. In the PY and CY, loan levels may be less than enacted loan limitations, as the Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY, loan levels supportable by the subsidy requested must equal the direct loan limitation. These data are required even if the subsidy rate is zero or negative.
115999 Total direct loan levels	The sum of all lines 1150.
Direct loan subsidy (in percent):	
1320xx Subsidy rate (+ or –)	The 1320 data line series presents data in percentages on the subsidy costs inherent in making a cohort of direct loans. The data for this line is automatically generated from the Credit Supplement Report (CSR) exercise. In the PY column, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest hundredth of one percent and entered into MAX with decimal points. For example, enter 10.503 percent as 10.50; 5.05 percent as 5.05; and 0.5 percent as 0.50. Amounts should be

shown, even if zero or negative.

Entry	Description
132999 Weighted average subsidy rate	The disbursement weighted average sum of all lines 1320 above is automatically calculated by multiplying each subsidy rate detail line (lines 1320) by a weighting factor. The weighting factor is calculated by dividing the corresponding direct loan level (lines 1150) by the total direct loan level (line 1159). A weighted average subsidy rate should not be zero when a positive or negative subsidy program is included in the calculation. For non-zero transmittal codes, this is the change to the subsidy rates reported under transmittal code zero, not the new rates.
Direct loan subsidy budget authority:	
1330xx Subsidy budget authority (+ or –)	The 1330 data line series presents data in dollars on the subsidy costs inherent in making direct loans. For positive subsidy programs, amounts reflect the budget authority obligated in the program account. For negative subsidy programs, amounts reflect financing authority obligated in the financing account—amounts must be reported even if the subsidy is negative. In the PY column, the amount is equal to subsidy obligated. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language.
133999 Total subsidy budget authority	The sum of all lines 1330 above.
Direct loan subsidy outlays:	
1340xx Net subsidy outlays	The 1340 data line series presents data on the amount of subsidy outlays and negative subsidy receipts in a given year for new direct loans. An outlay or negative subsidy receipt is recorded at the time of disbursement of the loan to the borrower. This line shows the sum of lines 1341xx and 1342xx.
1341xx Negative subsidy outlays	Report negative subsidy receipts from both new budget authority and from balances on this line. Also, report modification savings on this line. Data on this line are used to calculate net subsidy outlays in line 1340.
1342xx Positive subsidy outlays	Report positive subsidy outlays from both new budget authority and from balances on this line. Also, report modification costs on this line. Data on this line are used to calculate net subsidy outlays in line 1340.
134999 Total subsidy outlays	The sum of all lines 1340 above.

Entry	Description
Direct loan reestimate: 1350xx Net reestimate (+ or -)	The 1350 data line series presents data on the net amount of reestimate executed by the program and financing accounts in a given year, including interest on reestimate. Report amounts in PY and CY only.
1351xx Upward reestimate	The 1351 data line series presents data on the amount of upward reestimate paid to the financing account in any given year, including upward interest on reestimate. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only.
1352xx Downward reestimate (–)	The 1352 data line series presents data on the amount of downward reestimate paid out of the financing account in any given year, including downward interest on reestimate. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only.
135999 Total direct loan reestimates	The sum of all lines 1350 above.
Guaranteed loan levels supportable by subsidy budget authority:	
2150xx Loan guarantee levels	Equals the full principal amount, not just the portion guaranteed by the Government, of guaranteed loans that can be supported by the amount of subsidy budget authority requested or available in that year, except in cases where loan volume limitations would prevent the full obligation of available budget authority. In those cases enter the maximum amount that can be obligated under enacted and anticipated limitations. Include loan volume reestimates, if any, in PY. The loan volume should match schedule H in the financing account. For PY and CY, the level of guaranteed loan commitments may include limitation from carryforward or may be less than the full limitation appropriated. In the PY and CY, loan levels may be less than enacted loan guarantee limitations, as the Congress may enact limitations that are not achievable with the subsidy budget authority provided. However, in the BY, loan levels supportable by the subsidy must equal the guaranteed loan limitation. These data are required even if the subsidy rate is zero or negative.
215999 Total loan guarantee levels	The sum of all lines 2150.
Guaranteed loan subsidy (in percent):	
2320xx Subsidy rate (+ or –)	The 2320 data line series presents data on the subsidy costs inherent in making a cohort of loan guarantees. The data for this line is automatically generated from the Credit Supplement Report (CSR) exercise. In the PY, the rate should be the actual execution rate. In the CY column use the budget execution rate. Note that the subsidy rate (in percent) must be rounded to the nearest

Entry	Description
	hundredth of one percent and entered into MAX with decimal points. For example, 50.503 percent will be entered as 10.50; 1.05 percent as 5.05; and 0.5 percent as 0.50. Amounts should be shown, even if zero or negative.
232999 Weighted average subsidy rate	The disbursement weighted average of all lines 2320 above is automatically calculated by multiplying each subsidy rate detail line (lines 2320) by a weighting factor. The weighting factor is calculated by dividing the corresponding guaranteed loan level (lines 2150) by the total guaranteed loan level (line 2159). For non-zero transmittal codes, enter the change to the subsidy rates reported under transmittal code zero due to legislation in schedule U, not the new subsidy rates.
Guaranteed loan subsidy budget authority:	
2330xx Subsidy budget authority (+ or –)	The 2330 data line series presents data in dollars on the subsidy costs inherent in making a cohort of guaranteed loans. For positive subsidy programs, amounts reflect the budget authority obligated in the program account. For negative subsidy programs, amounts reflect financing authority obligated in the financing account—amounts must be reported even if the subsidy is negative. For PY only, budget authority should reflect both new and carry forward used. In the CY column, the amount will equal the amount appropriated for subsidies plus unobligated balances eligible to be carried forward. The BY column will show the requested subsidy amount and must agree with amounts in appropriations language.
233999 Total subsidy budget authority	The sum of all lines 2330 above.
Guaranteed loan subsidy outlays:	
2340xx Net subsidy outlays (+ or –)	The 2340 data line series presents data on the amount of subsidy disbursed in a given year for new loan guarantees. An outlay or a negative subsidy receipt is recorded in the program account at the time the lender disburses the loan to the borrower. Report outlays and receipts from both new budget authority and from balances on this line.
2341xx Negative subsidy receipts	Report negative subsidy receipts from both new budget authority and from balances on this line. Also, report modification savings on this line. Data on this line are used to calculate net subsidy outlays in line 2340.
2342xx Positive subsidy outlays	Report positive subsidy outlays from both new budget authority and from balances on this line. Also, report modification costs on this line. Data on this line are used to calculate net subsidy outlays in line 2340.
234999 Total subsidy outlays	The sum of all lines 2340 above.
Guaranteed loan reestimate:	
2350xx Net reestimate (+ or –)	The 1350 data line series presents data on the net amount of reestimate executed by the program and financing accounts in a given year, including interest on reestimate. Report amounts in PY and CY only.

Entry	Description
2351xx Upward reestimate	The 2351 data line series presents data on the amount of upward reestimate, including upward interest on reestimate, paid to the financing account in any given year. Report upward reestimates for all outstanding fiscal year cohorts for which upward reestimates are paid to the financing account. Report amounts in PY and CY only.
2352xx Downward reestimate (–)	The 2352 data line series presents data on the amount of downward reestimate, including downward interest on reestimate, paid out of the financing account in any given year. Report downward reestimates for all outstanding fiscal year cohorts for which downward reestimates will be paid out of the financing account. Report amounts in PY and CY only.
235999 Total guaranteed loan reestimate	The sum of all lines 2350 above.

185.11 What do I report for financing accounts?

Financing accounts record the cash flows associated with post–1991 direct loan obligations or loan guarantee commitments and for modifications of all direct loans and loan guarantees. These cash flows include loan disbursements, payments for guarantee claims, principal repayments, interest received from borrowers, interest paid on borrowing, interest earned on uninvested funds, interest supplements, fees and premiums received, and recoveries on defaults. Separate financing accounts are used for direct loan obligations and loan guarantee commitments. As for all other accounts, changes due to legislative proposals should be reflected in the appropriate transmittal code (see sections 79.2 and 82).

(a) *Program and financing schedules (schedule P)*

Use the following line number scheme in the "obligations by program activity" section of the program and financing schedule for financing accounts (see exhibits <u>185C</u> and <u>185F</u>). MAX will automatically generate the line entries indicated in **boldface**.

SELECTED P&F ENTRIES IN FINANCING ACCOUNTS

Entry	Description
Obligations by program activity:	
Stub entries should describe the transactions reported below.	
0710 Direct loan obligations	Obligations for post–1991 direct loan disbursements (equal to face value). Equal to the total direct loan obligations on line 1159 in schedule U of the program account.
0711 Default claim payments on principal	Obligations for default claim payments for principal on post–1991 loan guarantees. Equal to the sum of terminations for default in schedule H, lines 2261-2263.
0712 Default claim payments on interest	Obligations for default claim payments for interest on post–1991 loan guarantees.

Entry	Description
0713 Payment of interest to Treasury	Interest on debt owed to Treasury (calculated at the same rate as the discount rate for the cohort). Tools are available from OMB to calculate interest income and interest expense.
0715 -0739	Other entries for obligations, such as interest supplements to lenders or other expenses.
0740 Negative subsidy obligations	Obligations for negative subsidies for new direct loan obligations or loan guarantee commitments, to be paid to the negative subsidy receipt account for the credit program. Equal to the sum of negative subsidy obligations on lines 1330 or 2330 in schedule U of the program account.
0741 Modification savings	Obligations for negative subsidies (savings) resulting from a modified direct loan or loan guarantee, to be paid to the negative subsidy receipt account.
0742 Downward reestimates paid to receipts accounts	Obligations for downward reestimates of the subsidy to be paid to the downward reestimate receipt account for the credit program.
0743 Interest on downward reestimates	Obligations for interest on the downward reestimate to be paid to the downward reestimate receipt account for the credit program.
0744 Adjusting payments to liquidating accounts	Obligations for payments to purchase liquidating account loan assets or to reimburse the liquidating account for modification cost increases for pre–1992 direct loans and loan guarantees.
Unobligated balance:	
1000 Unobligated balance brought forward, Oct 1	In the case of loan guarantees, unobligated balances of the original subsidy payment, fees, interest, and other offsetting collections will be retained until needed to pay default claims and other expenses. If a loan guarantee is modified, the unobligated balance brought forward into the <i>following fiscal year</i> is adjusted by the amount of the modification, net of the amount of the modification adjustment transfer.
New financing authority (gross), detail:	
1200 Appropriation	Amount of authority becoming available as a result of a modification adjustment transfer from the general fund in the event that the modification cost estimate under-compensated the financing account.
1236 Appropriations applied to repay debt	If a direct loan financing account receives a modification adjustment transfer from the general fund, the amount is used to reduce debt owed to Treasury.
1400 Borrowing authority	Financing authority (authority to borrow from Treasury) for the part of direct loans not financed by subsidy and fees, and for any default claims or other obligations of the financing account that cannot be paid by unobligated balances.
Spending authority from offsetting collection	ns:
1800 Collected	Amount of offsetting collections (cash) credited to the account.
1801 Change in uncollected customer payments from program account from Federal sources (+ or –)	Change in unpaid, unfilled orders from program account for subsidy cost. Report increases as positive entries (for expected future subsidy cost collections in future fiscal years); report decreases as negative entries (for received subsidy cost collections in prior fiscal years).
1820 Capital transfer of spending	Used for modification adjustment transfer to the general fund in

Entry	Description
authority from offsetting collections to general fund (–)	the event that the modification cost estimate over compensated the financing account. See section 185.7(b).
1825 Spending authority from offsetting collections applied to repay debt (–)	Amount of offsetting collections used for repayments of outstanding borrowing.
Memorandum (non-add) entries:	
3100 Obligated balance, start of year	For PY, this amount must tie to the PY end of year amounts reported in GTAS for PY-1, including any revisions made during the GTAS revision window. CY and BY amounts automatically generated by MAX. Includes unpaid obligations, e.g., undisbursed direct loans, negative subsidies or other obligations.
3200 Obligated balance, end of year	Includes unpaid obligations, e.g., undisbursed direct loans, negative subsidies or other obligations. Automatically generated by MAX.
Offsets against budget authority and outlays:	
4120 Federal sources (–)	Collections of subsidy payments and upward reestimates from program accounts, and adjusting payments from liquidating accounts for pre–1992 direct loans and loan guarantees.
4122 Interest on uninvested funds (-)	Collections of interest on uninvested funds (financing account interest earned). Tools are available from OMB to calculate interest earned.
4123 Non-Federal sources (–)	Collections of principal repayments and interest payments on direct loans by borrowers, collections on defaulted direct loans or guaranteed loans, fees or premiums paid by non-Federal lenders or borrowers, prepayments of direct loans, proceeds from the sale of direct loans or collateral, or other collections from the public resulting from a direct loan or loan guarantee.

Note: MAX automatically modifies financing account line stubs from budget authority and outlays to financing authority and financing disbursements, respectively. Financing accounts do not have discretionary amounts, and therefore do not use lines 4010 through 4101. Further, Schedule P line 4142, Offsetting collections credited to expired accounts, is not valid in financing accounts. All cash collections are used to repay Treasury debt, pay obligations of the financing account, or execute downward reestimates. Do not use lines 1700 through 1742. Financing authority from offsetting collections in financing accounts must be recorded as mandatory, regardless of whether the authority for subsidy in the program account is mandatory or discretionary.

(b) Direct loan data (schedule G)

Prepare a Status of direct loans schedule (schedule G) (PY-BY+4) for all liquidating accounts and all direct loan financing accounts (see exhibits 185D and 185J). Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE G

Entry	Description
Position with respect to appropriations act limitation on obligations:	Provide lines 1111–1150 for direct loan financing accounts only.
1111 Direct loan obligations from current-year authority	Amount of limitation enacted or proposed to be enacted in appropriations acts, and amount of obligations of direct loans to the public without an explicit loan limitation specified in appropriations acts. For discretionary programs, the BY amount

Entry	Description
	should be equal to line 1359 in schedule U.
1121 Limitation available from carry-forward	Amount of limitation available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year's amount of unobligated limitation carried forward (line 1143). For programs that do not have a fixed loan limitation, this amount should be equal to the direct loan level supportable with the budget authority that is carried forward.
1142 Unobligated direct loan limitation (–)	Amount of limitation enacted in appropriations acts that is not obligated in the year it is enacted. Include only amounts that expire. Do not include multi-year limitation amounts that can be carried forward in a future fiscal year (see line 1143). Report amounts in PY and CY only unless specifically approved by OMB.
1143 Unobligated limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not obligated and is carried forward for use in a subsequent year.
1150 Total direct loan levels	The sum of lines 1111 through 1143. This is the direct loan portion of the credit budget. This amount should be consistent with direct loan obligations recorded on line 0710 in the program and financing schedule of the financing account and line 1159 in schedule U of the program account.
Cumulative balance of direct loans outstanding:	Provide lines 1210–1290 for liquidating and direct loan financing accounts. Do not report amounts reflecting defaulted guaranteed loans. Defaulted guaranteed loans are presented in schedule H 2310-2390.
1210 Outstanding, start of year	Amount of direct loan principal outstanding at the beginning of the year. Amounts for PY are automatically generated from data reported in the previous year's Budget <i>Appendix</i> . If the number needs to be revised, use line 1264 "other adjustment" with explanatory comment.
1231 Direct loan disbursements	Amounts of disbursements of principal for direct loans and 100 percent guarantees financed by the Federal Financing Bank. This does not include amounts shown separately on line 1232.
1232 Purchase of loan assets from the public	Amount of loans purchased or repurchased by the account from non-Federal lenders.
1233 Purchase of loan assets from a liquidating account	Amount of direct loan assets transferred from liquidating account to a financing account as a result of a loan modification.
Repayments:	These entries must agree with amounts included for these transactions on line 4123 (offsetting collections from non-Federal sources) of the program and financing schedule for the account. The proceeds from discounted prepayment programs that were part of a loan asset sales program should be recorded together with the proceeds from loan asset sales to the public (line 1253). The discount (i.e., the difference between the face value of the loan and the proceeds received from discounted prepayments) should be recorded together with the discount on loan asset sales to the public (line 1262).

Entry	Description
1251 Repayments and prepayments (–)	Amount of principal repayments or prepayments. In the liquidating account, this entry will include repayments on loans disbursed by the FFB.
1252 Proceeds from loan asset sales to the public or discounted prepayments without recourse (–)	Amount of gross proceeds received from the non-recourse sale of loans to non-Federal buyers or the discounted loan prepayments that were part of a loan asset sales program.
1253 Proceeds from loan asset sales to the public with recourse (–)	Amount of gross proceeds received from the sale of loans to non-Federal buyers when loans are sold with recourse to the Federal Government. The full principal of the loans is scored as a new guaranteed loan commitment (line 2132).
Adjustments:	
1261 Capitalized interest	Amount of interest due at the end of the year that is capitalized as part of the existing loan principal.
1262 Discount on loan asset sales to the public or discounted prepayments (–)	Difference between the face value of the loan and the proceeds received by the account from the sales of loans to non-Federal buyers or discounted loan prepayments that were part of a loan asset sales program.
1263 Write-offs for default: Direct loans (–)	Amount of direct loan principal reduced by write-offs for defaults. This line should only be used to indicate write-offs of loans that were initiated as direct loans. (Refer to the processes for write-offs in OMB Circular No. $A-129$.
1264 Other adjustments, net (+ or –)	Proceeds from the sale of collateral acquired from the foreclosure of direct loans; amount of principal repayments waived as provided by statute, in the event of certain specified contingencies; outstanding balances of loans transferred to or received from other accounts amount of principal reduced or increased for other reasons. When this line is used, the adjustment must be explained in a comment.
1290 Outstanding, end of year	Amount of direct loan principal outstanding at the end of the year. The sum of lines 1210 through 1264.

(c) Guaranteed loan data (schedule H)

Prepare a Status of guaranteed loans (schedule H) (PY-BY+4) for all liquidating and guaranteed loan financing accounts (see exhibits 185G and 185K). Report the full principal amounts of loans guaranteed, whether guaranteed in full or in part. Report principal only, even if the guarantee covers both the principal and interest. Do not count agency guarantees of loans disbursed by the FFB as guaranteed loans; treat such loans as direct loans of your agency financed by the FFB.

Each line entry is described in the table below. MAX will automatically generate the line entries indicated in **boldface**.

DATA REQUIREMENTS FOR SCHEDULE H

Entry	Description
Position with respect to appropriations act limitation on commitments:	Provide lines 2111–2199 for guaranteed loan financing accounts only.

Entry	Description
2111 Guaranteed loan commitments from current-year authority	Amount of limitation enacted or proposed to be enacted in appropriations acts on the full principal of commitments to guarantee loans by private lenders, and amount of full principal of commitments to guarantee loans by private lenders that is not subject to specific loan limitations in appropriations acts. For discretionary programs, the BY amount should be consistent with line 2159 in schedule U.
2121 Limitation available from carry-forward	Amount of limitation on full principal of commitments to guarantee loans by private lenders that is available from a multi-year limitation enacted in a previous year that was not obligated and is available for use. This amount should correspond to the previous year's amount of unobligated limitation carried forward (line 2143). For programs that do not have a fixed loan limitation, this amount should be equal to the guaranteed loan level supportable with the budget authority that is carried forward.
2132 Guaranteed loan commitments for loan asset sales to the public with recourse	Amount of full principal of guaranteed loan commitments made as a result of selling direct loans to non-Federal buyers with recourse to the Federal Government.
2142 Uncommitted loan guarantee limitation (–)	Amount of limitation enacted in appropriations acts on full principal of commitments to guarantee loans by private lenders that is not committed in the year it is enacted. Includes only amounts that expire. Do not include multi-year limitation amounts that can be carried forward in a future fiscal year (see line 2143). Report amounts for PY and CY only.
2143 Uncommitted limitation carried forward (P.L. xx) (–)	Amount of multi-year limitation enacted in an appropriations act that was not committed and is carried forward for use in a subsequent year.
2150 Total guaranteed loan levels	The sum of lines 2111 through 2143. This is the guaranteed loan portion of the credit budget. This amount should be consistent with line 2159 of schedule U in the program account.
Memorandum: 2199 Guaranteed amount of guaranteed loan commitments	Amount of maximum potential Federal liability for the guaranteed loan principal associated with line 2150. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2150.
Cumulative balance of guaranteed loans outstanding:	Provide lines 2210–2390 for liquidating and guaranteed loan financing accounts.
2210 Outstanding, start of year	Full face value of guaranteed loan principal outstanding at the beginning of the year. This includes the unguaranteed portion of the loan principal outstanding. Amounts for PY are automatically generated from data reported in the previous year's Budget <i>Appendix</i> . If the PY amount needs to be revised, use line 2264 and include an explanatory comment.
Disbursements:	
2231 Disbursements of new guaranteed loans	Amount of guaranteed loan principal disbursed. This includes the unguaranteed portion of the loan principal disbursed.
2232 Guarantees of loans sold to the public with recourse	Face value amount of guaranteed loan principal of loans sold to non-Federal buyers with recourse to the Federal government. This includes the unguaranteed portion of the loan principal disbursed.
Repayments:	
2251 Repayments and prepayments (–)	Amount of principal repayments and prepayments.

Entry	Description
Adjustments:	
2261 Terminations for default that result in loans receivable (–)	Amount of loan principal reduced by terminations for default that subsequently become loans receivable in which the formerly guaranteed borrower owes the agency for the amount of claims paid as a result of the borrower's default. (See lines 2310–2390.)
2262 Terminations for default that result in acquisition of property (–)	Amount of loan principal reduced by terminations for default that lead to the acquisition of physical property by the agency.
2263 Terminations for default that result in claim payments (–)	Amount of loan principal reduced by terminations for default that lead to claim payments by the agency that result in neither a loan receivable nor the acquisition of property.
2264 Other adjustments, net (+ or –)	Amount of loan principal reduced or increased for reasons other than those covered by the lines listed above; includes outstanding principal balances of guaranteed loans transferred to or received from other accounts. When this line is used, the adjustment must be explained in a comment.
2265 Capitalized Interest (+)	Amount of loan principal increased due to capitalized interest.
2290 Outstanding, end of year	Amount of guaranteed loan principal outstanding at the end of the year. The sum of lines 2210 through 2264.
Memorandum:	Amount of maximum potential Federal liability for the guaranteed loan
2299 Guaranteed amount of guaranteed loans outstanding, end of year	principal associated with line 2290. To the extent the guarantee covers both principal and interest, this amount must exclude interest. This entry is required even though the amount may be the same as in line 2290.
Entry	Description
Entry Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable:	Description
Addendum: Cumulative balance of defaulted guaranteed loans that	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year.
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable:	Amount of defaulted guaranteed loans that resulted in the acquisition of
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable: 2310 Outstanding, start of year 2331 Disbursements for guaranteed	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year. Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower owes the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable: 2310 Outstanding, start of year 2331 Disbursements for guaranteed loan claims	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year. Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower owes the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan principal. Proceeds received by the account from the settlement of claims on defaulted guaranteed loans that resulted in loans receivable to be applied to the reduction of the loans receivable outstanding. Exclude
Addendum: Cumulative balance of defaulted guaranteed loans that results in loans receivable: 2310 Outstanding, start of year 2331 Disbursements for guaranteed loan claims 2351 Repayments of loans receivable (–)	Amount of defaulted guaranteed loans that resulted in the acquisition of a loan receivable outstanding at the beginning of the year. Amount of disbursements for acquisition of defaulted loans that were previously guaranteed and result in loans receivable, where the borrower owes the account for the disbursement. These disbursements include past due interest amounts that were paid under the terms of the loan guarantee, if such amounts were capitalized as part of the loan principal. Proceeds received by the account from the settlement of claims on defaulted guaranteed loans that resulted in loans receivable to be applied to the reduction of the loans receivable outstanding. Exclude any premium realized. Amount of loans receivable written-off for default that were initiated as guaranteed loans but were subsequently acquired as loans receivable. (Refer to the definitions for write-offs provided in OMB Circular No.

(d) Agency debt held by the FFB and net financing disbursements (schedules Y, G, and H)

Baseline data on *debt owed to the FFB* must be reported by all financing and liquidating accounts and by programs that are not covered by the <u>FCRA</u>, such as the Tennessee Valley Authority and Federal Deposit Insurance Corporation (which assumed the responsibilities of the Resolution Trust Corporation). All FFB transactions are treated as means of financing to the agencies. In order to track old and new transactions, the lines should be coded with a two-digit suffix as follows, to identify the transactions:

- .01 FFB loan originations.
- .02 Sale of loan assets to the FFB.
- .03 Sale of debt securities to the FFB.

Report this data on the 3300 data line series in schedule Y (PY through BY+9). No policy estimates are required.

Baseline and policy data on *net financing disbursements* must be reported for all financing accounts. "Net financing disbursements" are analogous to net outlays reported on line 4170 in schedule P of the program account and consist of total financing disbursements (gross) less total offsetting collections in the financing account. Net financing disbursements are calculated by subtracting total cash inflows to the financing account from total cash outflows from the financing account. Cash inflows include subsidy and reestimate collections from the program account, borrower principal and interest payments, recoveries, fees, interest received from Treasury, and other inflows. Cash outflows include loan disbursements, default claim payments, negative subsidy and downward reestimate payments to the receipt account, interest paid to Treasury, and other outflows. In PY through BY, these amounts should equal the amount reported on line 4170 in schedule P of the financing account. These data are needed to estimate Federal borrowing and interest on the public debt.

Report this data in schedule Y for both baseline and policy estimates.

DATA REQUIREMENTS FOR SCHEDULE Y

Entry	Description
Agency debt held by the FFB	Provide lines 3310–3390 for liquidating and direct and guaranteed loan financing accounts. Report PY-BY+9.
3310 Outstanding agency debt, start of year	Amount of agency debt issues held by FFB at the beginning of the year.
3330 New agency borrowing	Amount of new borrowing from FFB.
3350 Repayments and prepayments (-)	Amount of repayments made to FFB.
3390 Outstanding agency debt, end of year	Amount of agency debt issued held by FFB at the end of the year. The sum of lines 3310 through 3350.
Net financing disbursements:	Provide lines 6200 and 6300 for direct and guaranteed loan financing accounts only. Report PY-BY+9.
6200 Net financing disbursements—policy	Net financing disbursements based on Presidential policy. Policy net financing disbursements should equal line 4170 in schedule P of the financing account. See section 185.11(d).
6300 Net financing disbursements—baseline	Net financing disbursements based on current law. Enter data for CY-BY+9. Should equal line 6200 above unless there is a policy proposal that would affect the numbers in Y.

Note: Lines 3310-3390 do not print in the Budget *Appendix*. These data are used by OMB for reporting and analysis.

185.12 What do I report for liquidating accounts?

Reporting requirements for liquidating accounts are discussed in sections <u>185.9</u>, <u>185.11(b)</u>, <u>185.11(c)</u>, and <u>185.11(d)</u>. An illustration of a typical liquidating account program and financing schedule can be found at exhibit <u>185I</u>. Illustrations of typical liquidating account status of direct and guaranteed loans schedules can be found at exhibits <u>185J</u> and <u>185K</u>.

185.13 What do I report for receipt accounts?

Negative subsidy and downward reestimate receipt accounts record receipts of amounts paid from the financing account when there is a negative subsidy or downward reestimate. Usually, they are general fund receipt accounts, but with the permission of the OMB representative for the account, they can be special fund receipt accounts. If the program is discretionary, report negative subsidies as "discretionary." If the program is mandatory, report negative subsidies as "mandatory." Report downward reestimates for all credit programs as "mandatory, authorizing committee" in schedules R and K (see section 81).

185.14 Must credit accounts be apportioned?

Yes. The Antideficiency Act requires that all appropriation and fund accounts, including credit program accounts, financing accounts, and liquidating accounts, be apportioned unless exempted by OMB or a specific statute. OMB may grant exemptions from apportionment in the form of a letter to the head of the department or establishment.

185.15 When do I submit an apportionment request (SF 132)?

If budgetary resources	For example	Then
Result from <u>current action</u> by Congress	The annual appropriation in the program account for the: direct loan subsidy cost, loan guarantee subsidy cost, administrative expenses, or modifications. 	Submit the initial apportionment requests by August 21 or within 10 calendar days after the approval of the act providing the new budgetary resource, whichever is later. Apportionments for both the program and financing account must be submitted and approved prior to incurring direct loan obligations or loan guarantee commitments. Submit reapportionment requests whenever circumstances change. For example, if the subsidy cost appropriation was apportioned
		solely to make new loans, then you must submit a reapportionment request for both the program and financing accounts before you make a modification that will increase the cost.

If budgetary resources	For example	Then
Do not result from current action by the Congress	The unobligated balances in the <u>financing</u> accounts. Permanent indefinite appropriation in the <u>program</u> account to cover an upward reestimate.	Submit the initial apportionment request by <u>August 21</u> before the beginning of the fiscal year. Submit the request for anticipated reestimates with the initial apportionment. When the exact amount is calculated, submit a reapportionment to cover any increase over your initial approved amount.
	Permanent indefinite appropriation in the <u>liquidating</u> account.	Submit the initial apportionment request by <u>August 21</u> before the beginning of the fiscal year. Submit reapportionments as needed.

185.16 How do I fill out the apportionment request (SF 132)?

Section 120 of this circular provide general apportionment guidance, including terminology, line descriptions, timing, and apportionment categories. As with other programs, you will need to locate and review the enacted appropriations language for your credit program. In some cases, you may also need to locate and review other authority in authorizing or substantive acts. An example of standard appropriations language for credit programs is provided in section 95.7, and illustrated in exhibit 185M. Standard appropriations language for credit programs consists of the following parts:

- Appropriation for the subsidy cost of the direct loan or guarantee program;
- Limitation on the loan program; and
- Appropriation for administrative expenses.

You need the appropriations language to verify that:

- Subsidy cost amounts and administrative expenses are shown correctly on your program account apportionment request (see exhibit <u>185N</u>);
- Amounts apportioned to reimburse your salaries and expenses account, if any, are correct; and
- Program level portion for the guaranteed loan financing account apportionment request (see exhibit 185P) agrees with the limitation set in the appropriations language. For programs with subsidy budget authority but without an enacted loan limitation, reflect the program volume as the apportioned budget authority divided by the OMB-approved subsidy rate.
- For mandatory programs with indefinite subsidy budget authority, the program level will equal the amount of loan guarantees anticipated to be committed.

Instructions for filling out the apportionment request for liquidating accounts can be found in section 120. Exhibits 185N through 185Z are a simplified presentation highlighting the budget execution dynamics for interrelated credit accounts. The scenario begins with the program account receiving an appropriation for both direct loans and loan guarantees and concludes with preparing the last quarterly budget execution report for each account. Exhibits for modifications and reestimates are also provided. For this example, assume that this is a new credit program; 25 percent of the amounts appropriated for subsidy cost are obligated each quarter but only 80 percent is disbursed each quarter (with the remainder in the next quarter); 25 percent of the amount appropriated for administrative expenses is obligated and outlayed each quarter; no borrower fees are charged; and simplified interest and repayments calculations are used.

185.17 Do amounts for an upward reestimate (and interest on reestimate) need to be apportioned?

Yes. An upward reestimate indicates that insufficient funds were paid to the financing account. The reestimate amount (plus interest on reestimate) must be obligated and outlayed from the program account to the financing account to make sure it has sufficient assets to cover its liabilities. Before recording this obligation, ensure you have adequate resources apportioned. Section 504(f) of the FCRA provides permanent indefinite budget authority for this purpose. If you were unable to include the reestimate in your program account's initial apportionment or you requested too little, submit a reapportionment request for the additional permanent indefinite appropriation the program account needs to pay to the financing account. See exhibit 185R for a sample reapportionment for an upward reestimate of a program account.

You must make a reestimate immediately after the end of each fiscal year as long as any loans are outstanding, unless a different plan is approved by OMB. After you complete your reestimate, prepare and submit an apportionment request as needed.

185.18 Do amounts for a downward reestimate (and the interest on reestimate) need to be apportioned?

Yes. A downward reestimate indicates that the subsidy cost payment to the financing account by the program account was too large so that its assets exceed its liabilities. The reestimate amount (plus interest on reestimate) must be obligated and disbursed from the financing account. Before recording the obligation, ensure you have adequate resources apportioned. For direct loans only, if the downward reestimate is due to increased actual collections, use these amounts to cover the obligation. To the extent the reestimate is due to projected increased collections, request borrowing authority to cover the obligation. For loan guarantees only, to the extent the reestimate is due to lower default payments than initially estimated, either actual or projected, use your uninvested balance with Treasury to cover the obligation. In cases where amounts less than \$1 need to be returned, do not include the amount on the face of the apportionment (Category B lines 6011-6111). Instead, place a footnote on Line 6190 that discusses the return of the amount.

For both discretionary and mandatory programs, disburse the excess (plus interest on reestimate) to a downward reestimate receipt account (see exhibit 185S).

185.19 Do amounts for interest payments to Treasury need to be apportioned?

Yes. For financing and liquidating accounts, additional amounts for interest payments to Treasury (i.e., amounts exceeding your estimate on the most recent approved apportionment) are automatically apportioned. Please contact your OMB representative if you have questions regarding what interest payments are automatically apportioned.

185.20 Do amounts for transfers of unobligated balances to the general fund or debt repayments to Treasury need to be apportioned?

No. Capital transfers, including transfers of unobligated balances in liquidating accounts to the general fund (i.e., liquidating account sweeps), and redemption of debt are not obligations and therefore do not need to be apportioned on lines 6001-6173. However, you do need to plan for such transfers or repayments and show your estimated debt repayments as a negative amount on line 1236 or 1252 (if anticipated) when you submit your apportionment request.

185.21 How do I handle modifications?

Before you modify a direct loan or loan guarantee, you should take the following steps:

- **Step 1.** Estimate the cost of the modification (see section <u>185.7</u>);
- Step 2. Request an apportionment, if necessary;
- Step 3. Receive an approved apportionment from OMB, if necessary;
- Step 4. Modify the direct loan or loan guarantee; and
- Step 5. Record the obligation (see sections <u>185.30</u> and <u>185.31</u>).

To determine whether you need a reapportionment:

If	Then
The current apportionment allows the apportioned resources to be used for modifications <u>and</u> the cost of the modification is <u>equal to or lower</u> than the amount apportioned less any amounts already obligated.	No reapportionment is required.
The current apportionment does <u>not</u> allow the apportioned resources to be used for modifications.	Yes. See exhibit <u>1850</u> for a sample reapportionment for a modification.
If the cost of the modification is <u>higher</u> than the amount apportioned less amounts already obligated.	Yes. See exhibit <u>1850</u> for a sample reapportionment for a modification.

185.22 Am I required to submit budget execution reports (SF 133)?

Yes. Submit SF 133s on a quarterly basis for all accounts, including those that OMB has exempted from apportionment. The OMB representative with primary budget responsibility for the credit account may require budget execution reports more frequently, such as monthly. For credit financing accounts, submit the final SF 133 on a cohort basis unless OMB has approved reporting on a combined basis.

185.23 How do I fill out the SF 133?

Section 130 and Appendix F of this circular provide general budget execution reporting guidance, including terminology, line descriptions, and timing. You prepare the SF 133 to show the extent that resources controlled by the apportionment request and other resources have been consumed. The relationship between program and financing accounts is dynamic, affecting different entries of the apportionment request and SF 133 at different stages of the process as transactions occur throughout the year. Exhibits 185U through 185W illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the first quarter. Exhibits 185X through 185Z illustrate the individual SF 133s for the program, direct loan financing, and guaranteed loan financing accounts, respectively, for the fourth quarter.

Because program accounts typically receive one-year budget authority, the SF 133 will have an unexpired account column as well as five expired account columns. Financing and liquidating accounts, however, have no-year authority so their SF 133s will have only an unexpired column (see section 20.4(c) for a discussion of period of availability).

185.24 How do I calculate the initial subsidy cost estimate for execution?

You are required to use the Credit Subsidy Calculator 2 (the Calculator) to calculate subsidy cost estimates. The Calculator and accompanying documentation are available from the OMB representative with primary responsibility for the credit account.

In most cases, you will use the same subsidy rate for execution as you calculated earlier for the Budget policy subsidy rate. However, if the loan contract terms have changed for any reason, then you must update the subsidy rate to reflect the actual terms at the time the loan contract is signed. For programs that calculate separate subsidy rates for each loan or loan guarantee, if the borrower's interest rate is

benchmarked to a Treasury interest rate, then the borrower interest rate assumption should be consistent with the economic assumptions for that cohort. The default expectation associated with the risk rating is a forecast assumption and should match the President's Budget for the year of obligation. Please see your OMB contact for more information.

Do not change the forecast technical assumptions or the methodological assumptions.

For mandatory programs in the Mid-Session Review (MSR), consistent with MSR guidance you should update estimates of subsidy budget authority, outlays, receipts, and net financing disbursements for volume updates reflecting MSR economic assumptions. Do not update the execution subsidy rate for MSR economic assumptions.

185.25 What transactions do I report when the Government incurs direct loan obligations or makes loan guarantee commitments?

For the program account (see exhibit <u>185U</u>):

- Include the estimated subsidy cost obligations on lines 2001-2102, Obligations incurred. If resources for the subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on lines 2002 in the appropriate category; and
- Include the amount on lines 3010, Obligations incurred: unexpired accounts and 3050, Unpaid obligations, end of year, since the amount is not yet outlayed to the financing account.

For the direct loan financing account (see exhibit 185V):

- Include the subsidy cost payment obligated in the program account but not yet paid on line 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –); and
- Include the amount on lines 3070, Change in uncollected customer payments from Federal sources: Unexpired accounts (+ or –) (with the opposite sign as line 1801) and 3090, Uncollected customer payments from Federal sources, end of year (–), since the amounts have not been received from the program account.

To show the borrowing component:

- Before signing the contract, verify that OMB has apportioned enough borrowing authority on line 1400 to cover the part of the direct loan obligation not covered by the subsidy cost payment and upfront fees;
- After you sign the contract, include the obligation on line 2101-2102, Obligations incurred. If the direct loan was apportioned in Category A, include the amount on line 2101. If the direct loan was apportioned in Category B, include it on line 2102 in the appropriate category; and
- Include the amount on lines 3010 Obligations incurred: unexpired accounts and 3050, Unpaid obligations, end of year.
- Record the face value of the direct loan obligation on line 1200 of schedule G, Total outstanding direct loan obligations EOY.

For the loan guarantee financing account (see exhibit 185W):

- Include the subsidy payment obligated in the program account but not yet paid on line 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or –); and
- Include the amount on lines 3070, Change in uncollected customer payments from Federal sources: Unexpired accounts (+ or -) (with the opposite sign as line 1801) and 3090, Uncollected customer payments from Federal sources, end of year (-), since the amounts have not been received from the program account.
- Include the uncollected subsidy amount (as a negative amount) on line 3200, Obligated balance EOY until the amount is transferred from the program account via an expenditure transfer.
- Record the face value of the loan guarantee commitment on line 2200 of schedule H, Total outstanding loan guarantee commitments EOY.

It is conceptually possible that the line 1801 entries may result in a negative end of year obligated balance (line 3200), particularly for programs that disburse slowly. The transactions are similar for a negative subsidy program except that the financing account will make a transaction with the negative subsidy receipt account rather than the program account (see section 185.3(v)).

185.26 What transactions do I report when the Government disburses a direct loan or a private lender disburses a guaranteed loan?

For the program account (see exhibit <u>185U</u>), just before a loan is disbursed from the financing account:

- Pay the financing account and include the subsidy cost payment on lines 3020, Outlays (gross) (–) and 4010, Outlays from new discretionary authority. If the loan will be disbursed in multiple payments, transfer only the subsidy amount proportional to the amount of the disbursement; and
- Reduce line 3050, Unpaid obligations, end of year by the same amount.

For direct loan financing accounts:

- When the subsidy cost payment is received from the program account, reduce lines 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or -), and 3070, Change in uncollected customer payments from Fed sources: Unexpired accounts (+ or -). Also, increase line 1800, Spending authority from offsetting collections (mand.): Collected, and line 4120, Offsetting collections from: Federal sources (mand.); and
- Once the loan is actually disbursed (see exhibit <u>185V</u>), include the loan disbursement on lines 3020, Financing disbursements (gross) (–) and 4110 Total financing disbursements, gross (mand.), and reduce the amount of loans payable from line 3050, Unpaid obligations, end of year.

For loan guarantee financing accounts:

- When the subsidy cost payment is received from the program account, reduce lines 1801, Change in uncollected customer payments from Federal sources (mand.) (+ or -), and 3070, Change in uncollected customer payments from Federal sources: unexpired accounts (+ or -). Also, increase line 1800, Spending authority from offsetting collections (mand.): collected, and line 4120, Offsetting collections from Federal sources (mand.);
- Do not report any loan disbursement because the private lender disbursed the loan, not the Federal Government (see exhibit 185V). Include the budget authority on line 4000 or 4090,

Budget authority (gross). The subsidy cost payment collected by the financing account is held as an uninvested balance that earns interest from Treasury until it is used, for example, to pay default claims; interest supplements; the capitalized costs of foreclosing, managing, and selling collateral assets acquired as a result of defaults; and the costs routinely deducted from the proceeds of sales. Until these resources are needed for such obligations and they are apportioned, include them on line 6182, Unapportioned—other.

185.27 How do I handle non-subsidy cost collections?

Report all collections of direct loan principal, interest on direct loans, fees, proceeds from the liquidation of collateral assets, as well as any other collections, to the appropriate cohort and risk category in the financing or liquidating account, as appropriate. Place the amount you anticipate collecting on line 1840, Anticipated collections, reimbursements, and other income (mand.). As collections are actually received throughout the year, report them on line 1800, Spending authority from offsetting collections (mand.): Collected with a corresponding reduction on line 1840, Anticipated offsetting collections and a negative amount on line 4120, Offsetting collections from Federal sources (mand.). Because these amounts in financing accounts earn interest, include them in the interest income calculations (see section 185.34).

In financing accounts, non-subsidy cost collections may be used only for the cohort that generated the collection. Except for fees collected, these amounts are not available to make new loans. These amounts are available to:

- Fund a portion of the direct loan, if the collection is a fee paid by the borrower;
- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales (see section 185.8 for items that qualify);
- Make annual payments of interest to Treasury; and
- Make repayments of principal on amounts borrowed from Treasury using any remaining amounts.

Non-subsidy cost collections in guaranteed loan financing accounts are available to:

- Pay the capitalized costs of foreclosing, managing, and selling collateral assets acquired as the result of defaults on direct or guaranteed loans and costs that are routinely deducted from the proceeds of sales;
- Maintain an unobligated balance to pay such capitalized costs or routinely deducted costs, if any;
- Pay default claims and interest supplements on guaranteed loans;
- Make annual payments of interest to Treasury;
- Make repayments of principal on amounts borrowed from Treasury; and
- Add to the unobligated balance.

To the extent that there are insufficient collections to make timely payment of interest or principal on Treasury borrowings, the financing account must borrow to make such payments. If the cohort's expected future cash flows will not be sufficient to fully repay this additional borrowing plus the cohort's other expected obligations, you must calculate a reestimate and use the subsidy cost collections from this reestimate to repay the additional borrowing, with interest.

In liquidating accounts, these amounts may be used for similar expenses (see section 185.3(1)) without regard to cohort.

185.28 What transactions do I report when a guaranteed loan defaults?

Loan guarantee default claims are recorded in financing and liquidating accounts. When you receive a loan guarantee default claim:

- Verify that the amount of the default claim is apportioned;
- Include the obligation to pay the claim on line 2101-2102, Obligations incurred (reimbursable) for the financing accounts and lines 2001-2002 for liquidating accounts (direct obligations). If defaults were apportioned in Category A, place the amount on line 2101 for financing accounts and 2001 for liquidating accounts. If defaults were apportioned in Category B, place it on lines 2102 for financing accounts and 2002 for liquidating accounts in the appropriate category; and
- Include the amount as payable to the private lender on lines 3010, Obligations incurred: unexpired accounts and 3050, Unpaid obligations, EOY.

When you disburse a payment for a loan guarantee default claim:

- Include the payment on lines 3020, Financing disbursements (gross) (–), and 4110, Total financing disbursements, gross (mand.); and
- Reduce the amounts payable on line 3050 by the amount reported on lines 3020 and 4110.

185.29 What should I do with unobligated balances in the liquidating account?

You must transfer any unobligated balance remaining at the end of the fiscal year to the general fund unless OMB has approved an extension. Include this transfer on line 1022, Capital transfer of unobligated balances to general fund (–) and line 1820, Capital transfer of spending authority from offsetting collections to general fund (mand.) (–). Additionally, unobligated balances may be applied to repay debt using line 1023, Unobligated balances applied to repay debt (–) and line 1825, Spending authority from offsetting collections applied to repay debt (mand.) (–).

Amounts credited to liquidating accounts in any year are available only for obligations that are incurred in that year and repaying debt owed to the Treasury (including the FFB).

185.30 How do I report modifications of post-1991 direct loans and loan guarantees?

A modification results in a subsidy cost increase or decrease which must be recorded on the SF 133 as follows:

If Modification	Then
Increases cost	In the program account, include:
	• The increase on lines 2001-2002 and 3010, Obligations incurred; Unexpired accounts. If the resources for subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on lines 2002 in the appropriate category; and
	 The payment to the financing account on lines 3020, Outlays (gross) (–) and 4020, Total outlays, gross (disc.).
	Note: You cannot incur subsidy cost obligations for modifications unless budgetary resources are available in the program account and have been apportioned for modifications.

If Modification...

Then...

In the financing account, include:

- The collection from the program account on lines 1800, Spending authority from offsetting collections (mand.): Collected and 4120, Offsetting collections from Federal sources (mand.). Credit this amount to the cohort and risk category of the modified loan. Decrease the estimated collection on line 1840, Anticipated collections, if appropriate;
- For a direct loan modification, use these amounts to pay interest and other expenses and to repay debt owed to Treasury; and
- For a loan guarantee modification, use these amounts as needed to pay default claims and other expenses. Remaining balances will be held as uninvested balances with Treasury and will earn interest at the same rate as is paid on other funds held by the financing account for the same cohort.

Decreases cost

In the financing account include:

- The estimated decrease on lines 2001-2002, Obligations incurred and 3010, Obligations incurred: unexpired accounts. If the resources for the subsidy cost were apportioned in Category A, include the amount on line 2001. If the resources were apportioned in Category B, include the amount on line 2002 in the appropriate category); and
- The payment of the amount transferred to the appropriate account on lines 3020, Financing disbursements (gross) (–) and 4110, Total financing disbursements, gross (mand.). Include the collection in a negative subsidy receipt account.

For additional transactions, see section 185.7(b).

185.31 How do I report modifications of pre-1992 direct loans and loan guarantees?

You estimate and account for the increase or decrease in cost in the same way as modifications of post-1991 loans. In addition to the steps enumerated in section 185.30, normally you must transfer the direct loan assets or loan guarantee liabilities to be modified from the liquidating account to the financing account. As part of the transfer, you must make a payment from the financing account to the liquidating account, in the case of direct loans, or from the liquidating account to the financing account, in the case of loan guarantees. In exceptional cases, subject to the approval of the OMB representative with responsibility for the credit program, the modified loans may be retained in the liquidating account. In each case, fill out the budget execution report as follows:

If Asset or Liability will be...

Then...

Transferred to the financing account

For direct loans, report an obligation in the financing account that is equal to the payment amount on lines 3010, Obligations incurred: Unexpired accounts and 2102, Reimbursable obligations, Category B, and a disbursement in the same amount on line 3020, Financing disbursements (gross) (–) and 4010/4011, Financing disbursements from new discretionary authority / Financing disbursements from discretionary balances. Include the receipt of the payment in the liquidating account on line 1800, Spending authority from offsetting collections, collected (mand) and 4033, Offsetting collections from non-Federal sources.

For loan guarantees, include the obligation and outlay in the liquidating account and the offsetting collection in the financing account.

If Asset or Liability will be... Then... Retained by the liquidating account Where the modification increases the cost: For the program account, report an obligation for the appropriate subsidy cost amount on lines 3010, Obligations incurred: unexpired accounts and 2102, Obligations incurred, Category B, Modifications and an outlay in the same amount on lines 3020, Outlays (gross) (–) and 4010/4011, Outlays from new discretionary authority / Outlays from discretionary balances. For the financing account, include the corresponding transaction on lines 1800, Spending authority from offsetting collections (mand.): Collected, 4120, Offsetting collections from: Federal sources (mand.) and obligation on lines 2000 and 3010, and a disbursement on lines 3020 and 4110. For the liquidating account, include the payment on lines 1800, Spending authority from offsetting collections (mand.): collected and 4120, Offsetting collections from Federal sources (mand.). This payment compensates this account for the reduction in its assets (direct loan) or its increased liability (loan guarantee). Where the modification decreases the cost: For the liquidating account, include permanent indefinite authority to make the payment to the financing account on line 1200, Appropriation (mand.). For the financing account, include this receipt on lines 1800, Collected (mand.) and 4120, Offsetting collections from: Federal sources (mand.) and include the subsequent payment to the negative subsidy receipt account on lines 3020, Financing disbursements (gross) (-) and 4110, Total financing disbursements, gross (mand.).

See section <u>185.7</u> for additional discussion about modification transactions.

185.32 Why do financing accounts borrow from Treasury?

The FCRA provides indefinite borrowing authority to financing accounts to fund the unsubsidized portion of direct loans and to satisfy obligations in the event the financing account's resources are insufficient. For direct loan financing accounts, each loan disbursement is financed by the subsidy cost payment from the program account, fees where applicable, and borrowing from Treasury. The financing account makes a single borrowing from Treasury at the beginning of each fiscal year for each cohort based on the estimated net loan disbursements for the cohort in that fiscal year. For loans financed through the FFB (FFB-financed loans), the financing account effectively borrows the full face value of the loans made to the public.

For loan guarantees, the financing account may borrow from Treasury when balances in the financing account are insufficient to pay claims. These borrowings generally occur on an as-needed basis.

If a direct loan or loan guarantee program or risk category generates negative subsidy cost, the financing account must borrow from Treasury to cover the payment to the negative subsidy receipt account. For FFB-financed loans with negative subsidy costs, borrowing for negative subsidy or other obligations in excess of financing account resources is through the Fiscal Service, as with any other direct loans or loan guarantees.

For intragovernmental transactions, all borrowing, including amounts treated as financing account lending by the FFB, but excluding amounts borrowed for financing account interest, is dated October 1 regardless of whether it is the original amount borrowed at the beginning of the year or a supplementary amount borrowed later in the year. As a result of treating the entire amount as a single borrowing, net interest expense is not affected by whether all borrowed funds were disbursed or whether the original borrowing had to be supplemented later in the year (see 185.33).

You may only carry forward obligated indefinite borrowing authority into the next fiscal year. At the end of each fiscal year, you must return unobligated indefinite borrowing authority or make an adjustment during the GTAS year-end preliminary or revision windows.

Specifically, if the indefinite borrowing authority is apportioned and exercised in a given fiscal year, the indefinite borrowing authority must be recorded as borrowing authority applied to repay debt if cash resulting from exercise of the borrowing authority is unobligated as of September 30^{th} in the same fiscal year. If the exercised but unobligated indefinite borrowing authority is not recorded as borrowing authority applied to repay debt as of September 30^{th} in the same fiscal year, then show the amount as a negative amount on line 1020, Adjustment to unobligated balance brought forward, October 1 (+ or –) in the subsequent fiscal year.

If the indefinite borrowing authority is apportioned and is not exercised in a given fiscal year, the indefinite borrowing authority must be recorded as decrease to the borrowing authority if it is unobligated as of September 30^{th} in the same fiscal year. If the indefinite borrowing authority is not recorded as an adjustment to borrowing authority as of September 30^{th} in the same fiscal year, then show the amount as a negative amount on line 1020, Adjustment to unobligated balance brought forward, October 1 (+ or –) in the subsequent fiscal year.

185.33 Why do financing accounts earn interest?

The basic purpose of a guaranteed loan financing account is to accumulate funds to finance future default costs. Subsidy cost payments to the account, fees collected, and other collections are retained in the financing account as an uninvested balance and earn interest at the same rate as the discount rate used to calculate the subsidy cost. The subsidy cost payments, fees, other collections, and interest earnings will be sufficient to finance the net default costs if the initial estimate of subsidy cost is correct.

In direct loan financing accounts, undisbursed Treasury borrowings, including amounts treated as financing account lending by the FFB, earn interest at the same rate as the financing account pays on its debt owed to Treasury so that borrowing from Treasury for subsequent disbursements during the year does not have any effect on the results of operations or net financial position of the financing account.

185.34 Who calculates interest expense and income?

You do, using the guidance and Credit Subsidy Calculator 2 provided by OMB. Staff at the Fiscal Service may also perform the calculations to ensure agreement between Treasury and your agency. For amounts treated as financing account lending by the FFB, please contact the OMB representative with primary responsibility for the program to ensure correct treatment of interest expense and income.

185.35 When do I calculate interest expense and income?

You must make the calculations to provide an estimate for the initial apportionment request. You also will make these calculations again at the end of the year based on actual data to determine the payment amounts. Financing account interest adjustments are calculated by the Credit Subsidy Calculator 2 with the reestimate and interest on reestimate.

185.36 What interest rate do I use to calculate interest expense and income?

The FCRA requires that the rates for discounting cash flows, financing account borrowing (including amounts treated as financing account lending by the FFB), and financing account interest earnings be identical and based on the Treasury rates in effect during the period of loan disbursement. The correct discount rates for generating the cohort interest rate are provided for you in the Credit Subsidy Calculator 2 (the Calculator), available from the OMB representative with the primary responsibility for the account. For cohorts before 2001, the Calculator will generate a disbursement-weighted average discount rate (DWADR). For cohorts 2001 and after, the Calculator will generate a single effective rate (SER). The cohort interest rate (whether DWADR or SER) is used for both technical reestimates and calculating financing account interest expense and income. Cohort interest rates reflect budget estimate discount rates, until the final cohort rate is established from the first technical reestimate following the interest rate reestimate.

185.37 What are the interest expense requirements for amounts treated as lending to financing accounts by the Federal Financing Bank?

The requirements are the same as any other financing account borrowing, and have no impacts on the terms and conditions of the loan with the public, including the borrower's interest rate. Regardless of whether the FFB collects borrower payments, or the credit agency processes payments and separately repays principal and interest owed on financing account borrowing to the FFB, the FFB can only be credited with interest on amounts treated as financing account lending at the appropriate cohort discount rate and under the same terms as any other financing account borrowing. Likewise, to finance amounts treated as lending to financing accounts, the FFB must keep a matched book, borrowing the full principal amount from Fiscal Service on the same terms and conditions as the financing account borrowing from the FFB, including the cohort interest rate. This makes sure that all amounts collected from the public are appropriately credited to the financing account and reflected in the credit subsidy cost as required under the FCRA, and that the FFB bears no risk on the amounts treated as lending to financing accounts.

EXHIBIT 185A FEDERAL CREDIT

Program Account Program and Financing Schedule (Schedule P)

					Subsidy and reestimate
DI IC ATTO	ONS BY PROGRAM ACTIVITY:	PY actual	CY est.	BY est.	rates are automatically
	gram obligations:				generated from CSR
0701	Direct loan subsidy	23	26	20	
0702	Loan guarantee subsidy	128	125	129	37
0705	Reestimates of direct loan subsidy	88	20		You must use special line coding for lines
0706	Interest on reestimates of direct loan subsidy	29	35		line coding for lines 0701 - 0709. See section 185.10(a) for a
0707	Reestimates of loan guarantee subsidy				complete list.
0708 0709	Interest on reestimates of loan guarantee subsidy	48	49		· · · · · · · · · · · · · · · · · · ·
0900	Administrative expenses	316	255	204	
	RY RESOURCES:	310	233	204	Shaded entries are
Unobligate					automatically
1000	Unobligated balance, brought forward, October 1	23	140	172	calculated by MAX.
udget auth	ority:				MAA.
Appropriat	ion:				
Discretio	·				
1100	Appropriation	316	255	204	
_	enditure transfers:				
1121 Adjustn	Appropriations transferred from other accounts				
1130	Appropriations permanently reduced				
1160	Appropriation (total)	316	255	204	
Mandato	** *				
1200	Appropriation	117	55	0	The ECD A
1260	Appropriation (total)	117	55	0	The FCRA provides permanent authority
					to finance reestimates
1900	Budget authority total (discretionary and mandatory)		310	204	(line 1200). Show
1930	Total budgetary resources available	456	450	376	reestimates in PY and
	ndum (non-add) entries:		22		CY only.
1940 1941	Unobligated balances expiring	140	-23 172	172	
-	Unexpired unobligated balance, end of year	140	1/2	1/2	
	palance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)	10	-109	-172	
3020	Obligated balance, start of year (net)	10	-109	-172	
Changes in	obligated balance during the year:				
3100	Obligations incurred, unexpired accounts	316	255	204	
3011	Obligations incurred, expired accounts				
3020	Outlays (gross) (-)	-435	-318	-204	
3040	Recoveries of prior year unpaid obligations, unexpired accounts				
3041	Recoveries of prior year unpaid obligations, expired accounts palance, end of year (net)				
3050	Unpaid obligations, end of year (gross)	-109	-172	-172	
3200	Obligated balance, end of year (net)	-109	-172	-172	
	<u></u>				
INANCING	G AUTHORITY AND DISBURSEMENTS, NET:				
Discretio	•				
	oudget authority and outlays:				
4000	Budget authority, gross	316	255	204	
4010	Outlays from new discretionary authority	316	255	204	
4011	Outlays from discretionary balances	219	262	204	
4020 4070	Total outlays, gross	318	263 255	204 204	
4070	Budget authority, net (discretionary) Outlays, net (discretionary)	316 318	255 263	204	
Mandator		310	203	204	
	oudget authority and outlays:				
4090	Budget authority, gross	117	55		
4100	Outlays from new mandatory authority	117	55		
4110	Total outlays, gross	117	55		
4160	Budget authority, net (mandatory)	117	55		
4170	Outlays, net (mandatory)	117	55		
	ithority and outlays, net (total):				
4180	Budget authority, net (discretionary and mandatory)	433	310	204	
	Outlays, net (discretionary and mandatory)	435	318	204	

FEDERAL CREDIT EXHIBIT 185B

Program Account Summary of Loan Levels and Subsidy Data (Schedule U)

dentification	n code 73-1154-0-1-376	PY actual	CY est.	BY est.	Shaded entries are automatically
					calculated by
	Direct loan levels supportable by subsidy budget authority:				MAX.
115001	Risk category A	500	500	500	
115999	Total direct loan levels	500	500	500	
	Direct loan subsidy (in percent):				Contact the OMB
132001	Risk category B (+ or -)	4.57	5.23	4.03	representative with
132999	Weighted average subsidy rate	4.57	5.23	4.03	primary responsibilit
	Direct loan subsidy budget authority:				for the account to ad
133001	Risk category A (+ or -).	23	26	20	or modify risk
133999	Total subsidy budget authority	23	26	20	categories.
	Direct loan subsidy outlays:	_	_		
134001	Risk category A (+ or -)		20	10	
134999	Total subsidy outlays	23	26	10	Enter reestimate
	Direct loan net reestimate:				budget authority in t
135001	Net reestimate (+ or -)	117	55		appropriate lines
135999	Total direct loan reestimate	117	55		(1350xx, 1351xx, ar
	Guaranteed loan levels supportable by subsidy budget authority:				1352xx for direct
215001	Risk category B	3,000	3,000	3,000	loans, 2350xx,
215999	Total loan guarantee levels	3,000	3,000	3,000	2351xx, and 2352xx
	Guaranteed loan subsidy (in percent):				for loan guarantees).
232001	Risk category B (+ or -)	4.25	4.17	4.29	
232999	Weighted average subsidy rate	2.93	0.35	0.26	For risk categories
	Guaranteed loan subsidy budget authority:				with negative subsid
233001	Risk category B (+ or -)	128	125	129	report lines as
233999	Total subsidy budget authority	128	125	129	negative amounts
	Guaranteed loan subsidy outlays:				(1320xx and 1340x)
234001	Risk category B (+ or -)	128	125	13	for direct loan risk
234999	Total subsidy outlays	128	125	13	categories, 2320xx
	Guaranteed loan net reestimate:				
235001	Net reestimate (+ or -)	-4	-2		through 2340xx for
235999	Total guaranteed loan reestimate:	-4	-2		loan guarantee risk categories.)

EXHIBIT 185C FEDERAL CREDIT

Direct Loan Financing Account Program and Financing Schedule (Schedule P)

OBJURIATIONS BY PROCRAM ACTIVITY: OTTO Direct loan obligations: S00						
Conclete pregnant alignations			PY actual	CY est.	BY est.	Shaded entries
Color Decel Dece						
MAX Credit pro	gram obligations:					
0.712 Devined of interest to Freshrip			500			
Octobal Continue	_				20	1717 171.
BUDGETARY RISOURCES:	_					
BIDGETARR (SEQUENCES:						You must use
Incidigated blainace brought forward, October 1 1		-	500	520	520	
1021 Recoverses of prior year unpaid obligations						
1023 Recoveries of prior year unpaid obligations						See section
1005 Unobligated balance spilled to repay debt.						185.11(a) for a
New financing authority (gross) Secretary Secret						complete list.
New financing authority (gross) Borrowing authority Armostory 1400 Borrowing authority Borrowing authority Borrowing authority Armostory 1400 Borrowing authority (total) Armostory Armost		• • • • • • • • • • • • • • • • • • • •				*
Borrowing authority: 1400 Borrowing authority dotal)	1050	Unobligated balance (total)				
Borrowing authority: 1400 Borrowing authority dotal)						
Manufactory		9 .				
1400 Borrowing authority						
1440 Borrowing authority from offsetting collections:		·				
Spending authority from offsetting collections: Mundatory:				-		
Mandatory: 1800 Collected 275 352 426 1801 Change in uncollected customer payments from program account 2-253 -346 426 1805 Spending authority from offsetting collections applied to repay debt 2-253 -346 -426 1805 Spending authority from offsetting collections (total) 22 66 0 1900 Total new financing authority 500 500 500 1930 Total number of sources available (gross) 500 500 500 1930 Total number of sources available (gross) 500 500 500 1930 Total number of sources available (gross) 500 500 500 1930 Total number of sources available (gross) 500 500 500 1930 Total number of sources available (gross) 500 500 500 1930 Total number of sources available (gross) 500 500 500 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100 100			478	494	500	
1800 Collected 275 332 426						
1801 Change in uncollected customer payments from program account 22 6 0 0 0 0 0 0 0 0 0		· ·				
1825 Spending authority from offsetting collections applied to repay debt					426	
1850 Spending authority from offsetting collections (total) 22 6 0 0 0 0 0 0 0 0 0						
1900 Total new financing authority 500 500 500 1930 Total pudgetary resources available (gross) 500 500 500 1930 Total pudgetary resources available (gross) 500 500 500 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930 1930						
1930						
CHANCE IN OBLICATED BALANCE						
Obligated balance, start of year (net) 3000 Unpaid obligations brought forward, October I (gross)		e • • · · · · · · · · · · · · · · · · ·	500	500	500	
1						
3060 Uncollected payments, Fed sources, brought forward Oct. 1					21	
Signature Sign					21	
Changes in obligated balance during the year: 3010 Obligations incurred, unexpired accounts 501 500 500 500 300 300 Uncollected customer payments from program account		• •			21	
Solid Collegations incurred, unexpired accounts Solid				1	21	Line 3050 is
Solid Comparison in culture in the price of the price of the price of the properties of the proper	_	• •	501	520	520	
1801 but with the opposite sign. 1						
Solid Content of the payments from program account Solid Solid						1 1
Obligated balance, end of year (net) 3050 Unpaid obligations, end of year (gross) 1 21 41 3090 Uncollected customer payments from program account 1 21 41 41 41 41 41 41						
Substitute Sub						11 0
3090 Uncollected customer payments from program account 3200 Obligated balance, end of year (net)			1	21	41	
Signature Sign				21	41	consistent with
FINANCING AUTHORITY AND DISBURSEMENTS, NET: Mandatory: Gross budget authority, gross 500 500 500 4110 Total financing disbursements (gross) 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500					41	I I
Mandatory: Gross budget authority and outlays: 4090			1	21	41	
Gross budget authority and outlays:						
4090 Budget authority, gross 500 500 500 4110 Total financing disbursements (gross) 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 500 50						
Alto Total financing disbursements (gross) 500 500			500	£00	500	
Offsets agains gross budget authority and outlays: Offsetting collections (collected) from: FEDERAL SOURCES 4120 Payment from program account (-)						
Offsetting collected) from: FEDERAL SOURCES 4120 Payment from program account (-) -23 -26 -20 4120 Upward reestimate (-) -88 -20 4120 Interest on upward reestimate (-) -29 -35 NON-FEDERAL SOURCES -123 -247 -373 4123 Repayments of principal, net (-) -12 -24 -33 4123 Other income (-) -12 -24 -33 4130 Offsets against gross budget authority and outlays (total) -275 -352 -426 Additional offsets against gross budget authority only: 4140 Change in uncollected customer payments from Federal sources, unexpired accounts			300	300	300	
## FEDERAL SOURCES ### 4120 Payment from program account (-)	_					
4120 Payment from program account (-)	Offsettin	•				
4120 Upward reestimate (-)						
4120 Interest on upward reestimate (-)		•			-20	
NON-FEDERAL SOURCES 4123 Repayments of principal, net (-)		•				
4123 Repayments of principal, net (-)	4120		-29	-35		
4123 Other income (-)						
4130 Offsets against gross budget authority and outlays (total)						
Additional offsets against gross budget authority only: 4140 Change in uncollected customer payments from Federal sources, unexpired accounts						
4140 Change in uncollected customer payments from Federal sources, unexpired accounts		, , , ,	275	-352	-426	
4150 Additional offsets against budget authority only (total)						
4150 Additional offsets against budget authority only (total)						Line 4140 is
4160 Budget authority, net (mandatory). 225 148 74 4170 Outlays, net (mandatory). 225 148 74 Budget authority and outlays, net (total): 4180 Financing authority, net. 225 148 74						
4170 Outlays, net (mandatory)						copied from line
4180 Financing authority, net			225	148	74	
	0					opposite sign.
4190 Financing disbursements, net						
220 10 77	4190	Financing disbursements, net	225	148	74	

FEDERAL CREDIT EXHIBIT 185D

Direct Loan Financing Account Status of Direct Loans (Schedule G)

ntification	n code 73-4148-0-3-376	PY actual	CY est.	BY est.	
1 1111	Position with respect to appropriations act limitation on obligation: Direct loan obligations from current-year authority	500	500	500	Shaded entries are automatically calculated by
1142	Unobligated direct loan limitations (-)	300			MAX.
1150	Total direct loan obligations	500	500	500	
(Cumulative balance of direct loans outstanding:				
1210	Outstanding, start of year		377	630	
	Disbursements:				
1231	Direct loan disbursements	500	500	500	
1232	Purchase of loan assets from the public				
1251	Repayments: Repayments and prepayments (-)	-123	-247	-373	
1263	Write-offs for default: Direct loans (-)				
1290	Outstanding, end of year	377	630	757	

EXHIBIT 185E FEDERAL CREDIT

Direct Loan Financing Account Balance Sheet (Schedule F)

ASSETS: Federal assets: 1101 Fund balances with Treasury	0 0 0 0 0	54 0 377 -23 354 408 378 378	calculated by MAX. Line 1101 equals obligated and unobligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed subsidy from the
Federal assets: 1101 Fund balances with Treasury	0 0 0 0 0	377 -23 354 408 378 378	Line 1101 equals obligated and unobligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
1101 Fund balances with Treasury	0 0 0 0 0	377 -23 354 408 378 378	obligated and unobligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
1106 Receivables, net	0 0 0 0 0	377 -23 354 408 378 378	obligated and unobligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
Net value of assets related to post-1991 direct loans receivable: 1401 Direct loans receivable, gross	0 0 0	-23 354 408 378 378	obligated and unobligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
1405 Allowance for subsidy cost (-)	0 0 0	-23 354 408 378 378	obligated balances. See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
1499 Net present value of assets related to direct loans 1999 Total assets LIABILITIES Federal liabilities: 2103 Debt payable to Treasury 2999 Total liabilities	0 0	354 408 378 378	See Section 86.1 for detailed information about balance sheets. Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
1999 Total assets LIABILITIES Federal liabilities: 2103 Debt payable to Treasury 2999 Total liabilities	0 0	378 378	Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
LIABILITIES Federal liabilities: 2103 Debt payable to Treasury	0	378 378	Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
Federal liabilities: 2103 Debt payable to Treasury	0	378	Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
Federal liabilities: 2103 Debt payable to Treasury	0	378	Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
2103 Debt payable to Treasury	0	378	Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
2999 Total liabilities	0	378	only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
			only undisbursed upward reestimates and interest on such reestimates. Do not report amounts for CY or BY. Do not include undisbursed
4999 Total liabilities and net position	0	378	upward reestimates and interest on such reestimates. Do <u>not</u> report amounts for CY or BY. Do <u>not</u> include undisbursed
			and interest on such reestimates. Do <u>not</u> report amounts for CY or BY. Do <u>not</u> include undisbursed
			reestimates. Do <u>not</u> report amounts for CY or BY. Do <u>not</u> include undisbursed
			report amounts for CY or BY. Do <u>not</u> include undisbursed
			CY or BY. Do <u>not</u> include undisbursed
			include undisbursed
			program account
			even if it has been
			obligated.
			Include undisbursed
			downward
			reestimates and
			interest on such
			reestimates on line
			2101.
			The financing account is designed
			to break even and
			thus have a zero
			results of operation.

FEDERAL CREDIT EXHIBIT 185F

Guaranteed Loan Financing Account Program and Financing Schedule (Schedule P)

Identification	n code 73-4149-0-3-376	PY actual	CY est.	BY est.	CL 1 1
	ONS BY PROGRAM ACTIVITY:				Shaded entries are
Credit prog	ram obligations:				automatically calculated by
0711	Default claim payments on principal	73	72	72	MAX.
0712	Default claim payments on interest	27	31	31	
0742	Downward reestimate paid to receipt account	3	1		
0743	Interest on downward reestimates	1	1		
0900	Total new obligations	104	105	103	
BUDGETAR	Y RESOURCES:				
Unobligated	l balance:				
1000	Unobligated balance brought forward, October 1	100	278	376	
New financir	ng authority (gross)				
Borrowin	ng Authority:				
Mandat	ory:				
1400	Borrowing authority				
Spending	authority from offsetting collections:				
Mandat	ory:				
1800	Collected (mandatory)	282	318	323	
1825	Spending authority from offsetting collections applied to repay debt		-115		
1850	Spending authority from offsetting collections (total)	282	203	323	
1900	Total new financing authority	282	203	323	
1930	Total budgetary resources available (gross)	382	481	699	
Memoran	ndum (non-add) entries:				
1941	Unexpired unobligated balances, end of year	278	376		
CHANGE IN	OBLIGATED BALANCE:				
	palance, start of year (net)				
3000	Unpaid obligations brought forward, October 1 (gross)				
3060	Uncollected payments, Fed sources, brought forward, Oct 1				
3100	Obligated balance, start of year (net)				
Changes in	obligated balance during the year:				
3010	Obligations incurred, unexpired accounts	104	105	103	
3020	Total financing disbursements (gross)	-252	-333	-331	
Obligated b	palance, end of year (net)				
3050	Unpaid obligations, end of year (gross)				Line 3050 is
3090	Uncollected customer payments from program account				automatically copied
3200	Obligated balance, end of year (net)				from line 1801 but
FINANCING	AUTHORITY AND DISBURSEMENTS, NET:				with the opposite
Mandator					sign. Update the line stub to be consistent
Gross b	oudget authority and outlays:				with 1801.
4090	Budget authority, gross	282	203	323	
4110	Total financing disbursements (mandatory)	252	333	331	
Offsets aga	inst gross budget authority and outlays:				
_	collections (collected) from:				
Onsetting	FEDERAL SOURCES				
4120	Payment from program account	-128	-125	-129	
4122	Interest on uninvested funds	-120	-123	-129	
7122	NON-FEDERAL SOURCES		-2	-1	
4123	Fees	-30	-30	-30	
4123		-124	-165	-165	
4130	Recoveries	-282	-322	-325	
	offsets against gross budget authority only:	-202	-344	-343	Line 4140 is
4140	Uncollected customer payments from program account				automatically copied
4140	Financing authority, net (mandatory)		-115	8	from line 3050 but
4170	Financing disbursements, net (mandatory)	20			will appear in the
	• • • • • • • • • • • • • • • • • • • •	-30	15	6	Budget Appendix
Rudget on	thority and outlays, net (total):				with the opposite
	was a second of the second of				
4180 4190	Financing authority, net	0 -30	-115 15	8 6	sign.

EXHIBIT 185G FEDERAL CREDIT

Guaranteed Loan Financing Account Status of Guaranteed Loans (Schedule H)

ntificatio	n code 73-4149-0-3-376	PY actual	CY est.	BY est.	Shaded entries are
	Position with respect to appropriations act limitation on commitments:				automatically
2111	Guaranteed loan commitments from current-year authority	3,000	3,000	3,000	calculated by MA
2150	Total guaranteed loan commitments	3,000	3,000	3,000	
					Include line 2111
	Memorandum:				if the value is zero
2199	Guaranteed amount of guaranteed loan commitments	3,000	3,000	3,000	if the value is zero
	Cumulative balance of guaranteed loans outstanding:				
2210		5,821	7,763	9,691	Line 2199 is requi
2231	Disbursements of new guaranteed loans	3,000	3,000	3,000	even if the value i same as line 2150.
2251	Repayments and prepayments	-985	-1,000	-1,000	same as mie 2130.
	Adjustments			•	
2261	Terminations for default that result in loans receivable	-48	-50	-50	
2263	Terminations for default that result in claim payments	-25	-22	-22	
2290	Outstanding, end of year	7,763	9,691	11,619	
	Memorandum:				
2299	Guaranteed amount of guaranteed loans outstanding, end of year	5,821	7,326	8,804	
	cuatureed annual of guaranteed isans surfaceang, and of years.	5,021	7,520	0,00	
	Addendum:				
	Cumulative balance of defaulted guaranteed loans that result in loans				
	receivable				
2310	Outstanding, start of year	3,450	4,866	5,718	
2331	Disbursements for guaranteed loan claims	1,452	980	980	
2351	Repayments of loans receivable	-24	-48	-48	
2361	Write-offs of loans receivable	-68	-80	-80	
2364 2390	Other adjustments, net	4,866	5,718	6,570	
2390	Outstanding, end of year	4,000	5,716	0,570	

FEDERAL CREDIT EXHIBIT 185H

Guaranteed Loan Financing Account Balance Sheet (Schedule F)

ntificatio	n code 73-4149-0-3-376	PY-1 actual	PY actua
	ASSETS:		
	Federal assets:		
1101	Fund balances with Treasury	165	130
1106	Receivables, net	1,674	1,52
1206	Non-Federal assets: Receivables, net	7	1
	Net value of assets related to post-1991 acquired defaulted guaranteed		
	loans receivable:		
1501	Defaulted guaranteed loans receivable	6,426	8,39
1504	Foreclosed property	2	1
1505	Allowance for subsidy cost (-)	-4,342	-6,20
1599	Net present value of assets related to defaulted guaranteed loans	2,086	2,20
1999	Total assets	3,932	3,86
	LIABILITIES Federal liabilities:		
2101	Accounts Payable	50	12
2103	Debt	1.692	1,40
2105	Other	2	, -
	Non-Federal liabilities:		
2201	Accounts Payable	265	35
2204	Liabilities for loan guarantees	1,923	1,97
2999	Total liabilities	3,932	3,86
	NET POSITION	,	,

Shaded entries are automatically calculated by MAX.

Line 1101 equals obligated and unobligated balances.

Line 1106 includes only undisbursed upward reestimates and interest on such reestimates. Do <u>not</u> report amounts for CY or BY. Do <u>not</u> include undisbursed subsidy from the program account even if it has been obligated.

Include undisbursed downward reestimates and interest on such estimates on line 2101.

See section 86.2 for detailed information about balance sheets.

The financing account is designed to break even and thus have a zero results of operation.

EXHIBIT 185I FEDERAL CREDIT

Liquidating Account Program and Financing Schedule (Schedule P)

dentification	a code 73-4154-0-3-376	PY actual	CY est.	BY es
DBLIGATI	ONS BY PROGRAM ACTIVITY:			
Credit pro	gram obligations:			
0005	Guaranteed loan default claims	1	1	
0709	Administrative expenses	2	1	
0711	Default claim payments on principal	1	0	
0791		3	1	
0/91	Direct program activities, subtotal	3 4	2	
	Total new obligations	4	2	
Unobligate				
1000	Unobligated balance, brought forward, October 1	6	5	
1022	Capital transfer of unobligated balances to general fund	-6	-5	
1050	Unobligated balance (total)	0	0	
	ng authority (gross)	· ·	· ·	
Budget A	0 .0 /			
Manda				
1200	Appropriation (mandatory)	2	2	
Spending	authority from offsetting collections:			
Manda				
1800	Collected (mandatory)	10	6	
1820	Capital transfer of spending authority to general fund		-5	-
1825	Spending authority from offsetting collections applied to repay debt	-3	-1	-
1850	Spending authority from offsetting collections (total)	7		
1900	Budget authority (discretionary and mandatory)	9	2	
1930	Total budgetary resources available	9	2	
CHANGE I	N OBLIGATED BALANCE:			
Obligated	palance, start of year (net)			
3000	Unpaid obligations brought forward, October 1 (gross)	3	3	
3100	Obligated balance, start of year (net)	3	3	
	obligated balance during the year:			
3010	Obligations incurred, unexpired accounts	4	2	
3020	Outlays (gross)	-4		-
_	balance, end of year (net)			
3050	Unpaid obligations, end of year (gross)	3	5	
3200	Obligated balance, end of year (net)	3	5	
	G AUTHORITY AND DISBURSEMENTS, NET:			
Mandato	·			
	budget authority and outlays:	6		
4090	Mandatory budget authority, gross	9	2	
4100	Outlays from new mandatory authority	4	0	
4110	Total outlays, gross	4	0 #	
	inst gross budget authority and outlays:			
Juseuing	collections (collected) from: NON-FEDERAL SOURCES			
4123	NON-FEDERAL SOURCES Principal	-10	-6	
4123	Offsets against gross budget authority and outlays (total)	-10	-6 -6	
4160	Budget authority, net (mandatory)	-10 -1	-0 -4	
4160	Outlays, net (mandatory)	-1 -6	-4 -6	
	uthority and outlays, net (total):	-0	-0	-
4180	Budget authority, net	-1	-4	-
4180	· ·	-1 -6	-4 -6	_
4190	Outlays, net	-0	-0	-

Shaded entries are automatically calculated by MAX.

There should be no unobligated balance (line 1000) unless an extension has been approved by OMB. Excess amounts should be used to repay debt or transferred to the general fund.

FEDERAL CREDIT EXHIBIT 185J

Liquidating Account Status of Direct Loans (Schedule G)

entificatio	n code 73-4154-0-3-376	PY actual	CY est.	BY est.	
					Shaded entries are
	Cumulative balance of direct loans outstanding:				automatically
1210	Outstanding, start of year	25	21	16	calculated by MAX.
1251	Repayments and prepayments		-1	-1	MAA.
	Write-offs for default:				
1263	Direct loans	-2	-2	-2	For liquidating
1264	Other adjustments, net (+ or -)	-2	-2	-1	accounts, do not use
1290	Outstanding, end of year	21	16	12	lines 1111-1150. M
	•				liquidating accounts
					should not use line
					1231. Liquidating
					accounts should not
					use schedule Y line
					6200 or 6300 (net
					financing
					disbursements).
					disbursements).

EXHIBIT 185K FEDERAL CREDIT

Liquidating Account Status of Guaranteed Loans (Schedule H)

entification	n code 73-4154-0-3-376	PY actual	CY est.	BY est.	
	Cumulative balance of guaranteed loans outstanding:				Shaded entries are
2210	Outstanding, start of year	74	52	33	automatically
2251	Repayments and prepayments	-20	-18	-15	calculated by
	Adjustments:				MAX.
2263	Terminations for default that result in claim payments	-2	-1	-1	
2290	Outstanding, end of year	52	33	17	
	Memorandum:				For liquidating
2299	Guaranteed amount of guaranteed loans outstanding,				accounts, do not us
	end of year	43	18	10	lines 2111-2150 or 6300. Most liquida
	Addendum: Cumulative balance of defaulted guaranteed loans that result in loans				accounts should not use line 2231. Liquidating accoun
	receivable:				should not use
2310	Outstanding, start of year	45	42	29	schedule Y lines 62
2331	Disbursements for guaranteed loan claims		1	1	or 6300 (net finance
2361 2364	Write-offs of loans receivable	-7	-14	-14	disbursements).
2390	Other adjustments, net	42	29	16	
2390	Outstanding, end of year	42	29	10	

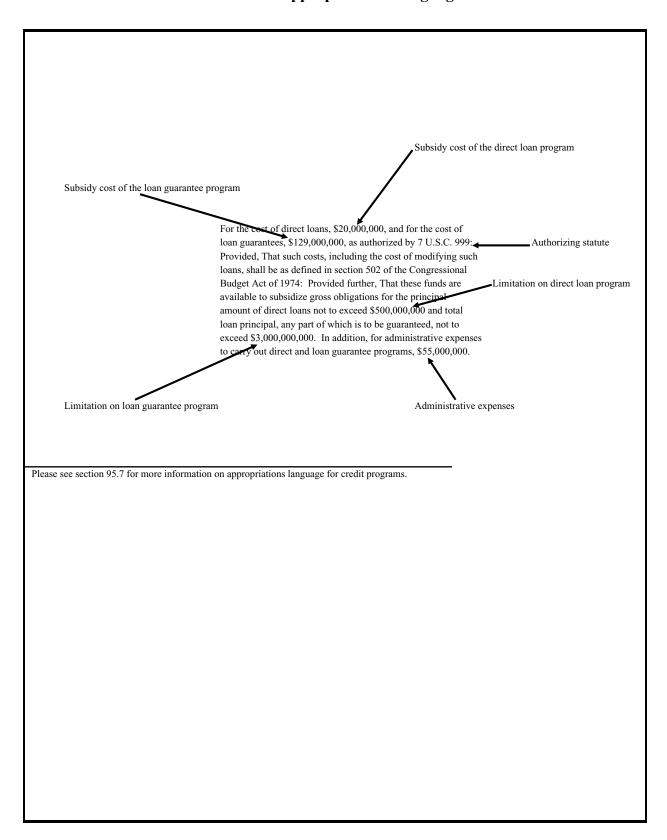
FEDERAL CREDIT EXHIBIT 185L

Liquidating Account Balance Sheet (Schedule F)

1101	SSETS:			
1101				Shaded entries are
1101	Federal assets:			automatically
	Fund balances with Treasury	8	8	calculated by
	Non-Federal Assets	· ·	· ·	MAX.
1206	Receivables, net	3	3	
	Net value of assets related to pre-1992 direct loans receivable and	3	3	
	acquired defaulted guaranteed loans receivable:			
1601	Direct loans, gross	25	21	See section 86.2 for
1603	Allowance for estimated uncollectible loans and interest (-)	-1		detailed information
1604	Direct loans and interest receiveable, net	24	21	
1699	Value of assets related to direct loans	24	21	
1701	Defaulted guaranteed loans, gross	45	42	
1703	Allowance for estimated uncollectible loans and interest (-)		-24	
1799	Value of assets related to loan guarantees	22	18	
1901	Other Federal assets: Other assets	7	6	
1999	Total assets	64	56	
2101	Federal liabilities: Accounts payable	1	1	
2103	Debt to the FFB	6	2	
2104	Resources payable to Treasury	55	50	
	Non-Federal liabilities:			
2201	Accounts payable	1	2	
2207	Other liabilities	1	1	
2999	Total liabilities	64	56	
	ET POSITION			
4999	Total liabilities and net position	64	56	

EXHIBIT 185M FEDERAL CREDIT

Standard Appropriations Language



FEDERAL CREDIT EXHIBIT 185N

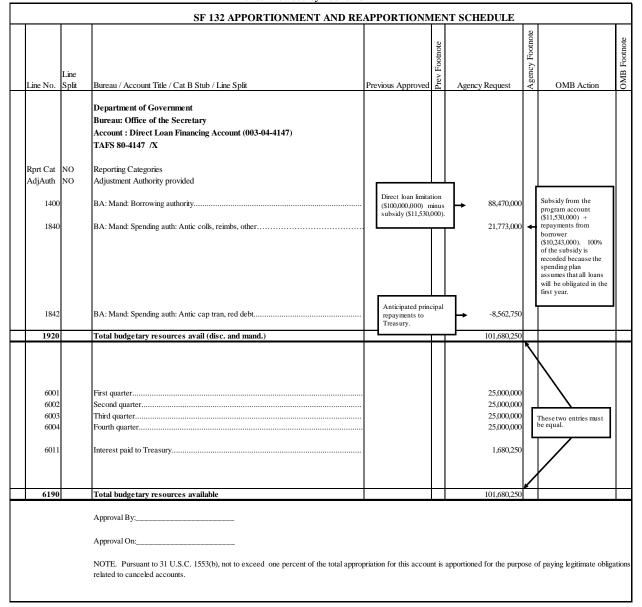
Initial Apportionment Program Account

Funds Provided by Public Law XXX-XXX

SF 132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE										
L Line No. S	ne Jit Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote			
	Department of Government Bureau: Office of the Secretary Account: Credit Program Account (003-04-0138) TAFS: 80-0138 /2011									
Rprt Cat N AdjAuth N					_					
1100	BA: Disc: Appropriation			18,530,000	┥	Subsidy (\$11,530,000 + \$6,000,000) + administrative expenses (\$1,000,000).				
1920	Total budgetary resources avail (disc. and mand.)			18,530,000						
6011 6012 6013	Direct loan subsidy			11,530,000 6,000,000 1,000,000		These two entries mube equal.	ıst			
6190	Total budgetary resources available			18,530,000			L			
	Approval By:									
	Approval On:									
	NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one purpose of paying legitimate obligations related to canceled	-	al appı	ropriation for this acco	ount is	apportioned for the				

EXHIBIT 1850 FEDERAL CREDIT

Initial Apportionment Direct Loan Financing Account Funds Provided by Public Law XXX-XXX



FEDERAL CREDIT EXHIBIT 185P

Initial Apportionment Guaranteed Loan Financing Account Funds Provided by Public Law XXX-XXX

			SF 132 APPORTIONMENT	T ANI) REAPPORT	ΓIO	ONMENT SCH	ED	ULE	
	Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split		Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	OMB Footnote
	Rprt Cat		Department of Government Bureau: Office of the Secretary Account: Guaranteed Loan Financing Account (00 TAFS 80-4148 /X Reporting Categories Adjustment Authority provided	03-04-4	•				Subsidy from the	
	1840		BA: Mand: Spending auth:Antic colls, reimbs, other				6,360,000		Subsidy from the program account (\$6,000,000) + interest from Treasury (\$360,000).	
_	1920		Total budgetary resources avail (disc. and mand.)				6,360,000			
	6182		Budgetary Resources: Unappor bal, revolving fnd				6,360,000	-	These two entries mus be equal.	st
	6190	 '	Total budgetary resources available	\longrightarrow		Щ	6,360,000	Щ	<u> </u>	Ш
	8100 8200		are only		the		70,000,000		Limitation on loan guarantees.	
	8201 8202 8203 8204		Application, Category A, First quarter				70,000,000			
			Application, Category A, First quarter Approval By: Approval On: NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed or purpose of paying legitimate obligations related to canceled	•		ropri	iation for this account	t is a	apportioned for the	

EXHIBIT 185Q FEDERAL CREDIT

Reapportionment for Modification Program Account Funds Provided by Public Law XXX-XXX

Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action
		Department of Government Bureau: Office of the Secretary Account : Credit Program Account (003-04-0138) TAFS: 80-0138 /2011					
	NO NO	Reporting Categories Adjustment Authority provided					
1100		BA: Disc: Appropriation If your current apportionment does not provide budgetary resources to cover the modification cost, you must submit a reapportionment.	18,530,000		19,530,000		Subsidy (\$11,530,000 + \$6,000,000) + modification (\$1,000,000) + administrative expenses (\$1,000,000).
1920		Total budgetary resources (disc. and mand.)	18,530,000		19,530,000		
6011 6012 6013 6014		m	11,530,000 6,000,000 1,000,000 udgetary resources for odifications must be portioned in advance.		11,530,000 6,000,000 1,000,000 1,000,000		These two entries must be equal.
6190		Total budgetary resources available	18,530,000		19,530,000		*
		Approval By:					
		Approval On: NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent of legitimate obligations related to canceled accounts.	f the total appropriation	on for th	is account is apportioned	for t	he purpose of paying

FEDERAL CREDIT EXHIBIT 185R

Reapportionment for Upward Reestimate Program Account Funds Provided by Public Law XXX-XXX

		SF 132 APPORTIONMENT AN	KEALLOK.	110	SCHED		
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action
Rprt Cat AdjAuth 1200 1250		Department of Government Bureau: Office of the Secretary Account: Credit Program Account (003-04-0138) TAFS: 80-0138 /2011 Reporting Categories Adjustment Authority provided BA: Mand: Appropriation	. 18,530,000		18,530,000 1,000,000		Until indefinite appropriations are warranted, include them on line 1250. On subsequent apportionments, include the warranted amounts on line 1200 (see line description of indefinite appropriation).
1920		Total budgetary resources avail (disc. and mand.)	18,530,000		19,530,000		1
6011 6012 6013 6014		Direct loan subsidy	11,530,000 6,000,000 1,000,000 Budgetary resources for upward reestimate		11,530,000 6,000,000 1,000,000 1,000,000		These two entries must be equal.
6190		Total budgetary resources available	18,530,000		19,530,000		-
		Approval By: Approval On: NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one percent o legitimate obligations related to canceled accounts.	f the total appropriation	on for	this account is apportion	ed for	the purpose of paying

EXHIBIT 185S FEDERAL CREDIT

Reapportionment for Downward Reestimate Direct Loan Financing Account Funds Provided by Public Law XXX-XXX

	1	SF 132 APPORTIONMENT AN	D REAPPOR	ГЮ	NMENT SCH	EDUI	E	
Line No.	Line Split	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Prev Footnote	Agency Request	Agency Footnote	OMB Action	
		Department of Government Bureau: Office of the Secretary Account: Direct Loan Financing Account (003-04-4147) TAFS 80-4147 /X						
Rprt Cat AdjAuth		Reporting Categories Adjustment Authority provided						
1400		BA: Mand: Borrowing authority. Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).	88,470,000		88,470,000		Direct loan limitation (\$100,000,000) minus subsidy (\$11,530,000).	_
1800		BA: Mand: Spending auth: Collected (mand.)	21,773,000		22,773,000		\$1,000,000 mc was collected from borrower than estimated	rs
1825		address the downward reestimate, you must submit a reapportionment. BA: Mand: Spending auth: Applied to repay debt	-8,562,750		-8,562,750		Use 1825 (actual) and 1842 (anticipated) to show principal repayments to Treasury.	
1920		Total budgetary resources avail (disc. and mand.)	101,680,250		102,680,250			Ŧ
6001 6002 6003 6004		First quarter	25,000,000 25,000,000 25,000,000 25,000,000		25,000,000 25,000,000 25,000,000 25,000,000		These two entries must be	
6011 6012		Interest paid to Treasury	1,680,250		1,680,250 1,000,000			
			Downward rees disbursed to the	timat recei	es are obligated and ipt account.			
6190		Total budgetary resources available	101,680,250		102,680,250			1
		Approval On:						
		NOTE. Pursuant to 31 U.S.C. 1553(b), not to exceed one per purpose of paying legitimate obligations related to canceled acc		oropr	iation for this account	is appo	ortioned for the	

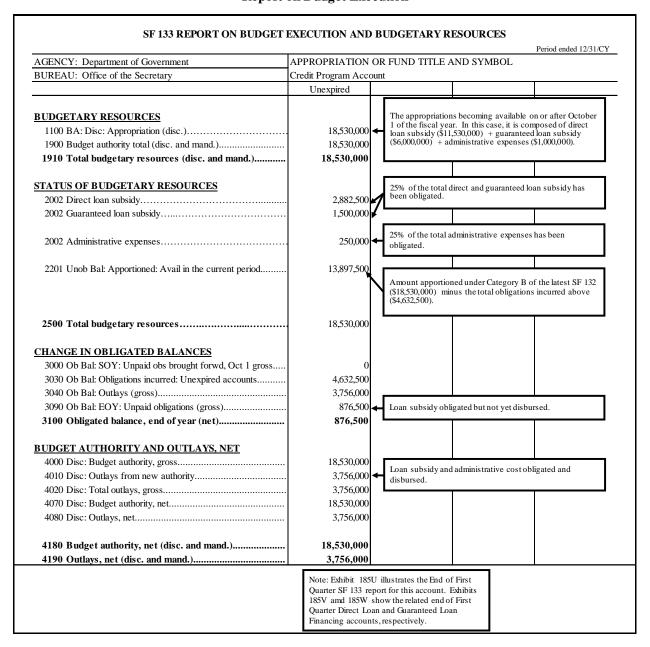
FEDERAL CREDIT EXHIBIT 185T

Apportionment for Liquidating Account

			Prev Footnote		Agency Footnote	
			ev Fo		gency	
Line No. Line Spli	Bureau / Account Title / Cat B Stub / Line Split	Previous Approved	Pr	Agency Request	Ϋ́	OMB Action
	Department of Government Bureau: Office of the Secretary Account: Liquidating Account (003-04-4147) TAFS 80-4147 /X					
IterNo 1 Rprt Cat NO AdjAut NO	Last Approved Apportionment: N/A, First Request of year Reporting Categories Adjustment Authority provided					
1250	BA: Mand: Anticipated appropriation			1,000,000		
1800	BA: Mand: Spending auth: Collected (mand.)			4,000,000		Repay debt (\$1,000,000) and
1820	BA: Mand: Cap trans of spending authority from offsetting collections to general fund (-)			-2,000,000	←	balances swept to Treasury (\$1,000,000).
1825	BA: Mand: Spending auth: Applied to repay debt			-1,000,000	-	Use 1825 (actual) and 1842 (anticipated) to show principal repayments to
1920	Total budgetary resources avail (disc. and mand.)			2,000,000	×	Treasury.
6001 6002 6003 6004	First quarter Second quarter Third quarter Fourth quarter					These two entries must be equal.
6011 6012	Payment on Default Loans Administrative Expenses			1,000,000 1,000,000		

EXHIBIT 185U FEDERAL CREDIT

End of First Quarter: Program Account Report on Budget Execution



FEDERAL CREDIT EXHIBIT 185V

End of First Quarter: Direct Loan Financing Account Report on Budget Execution

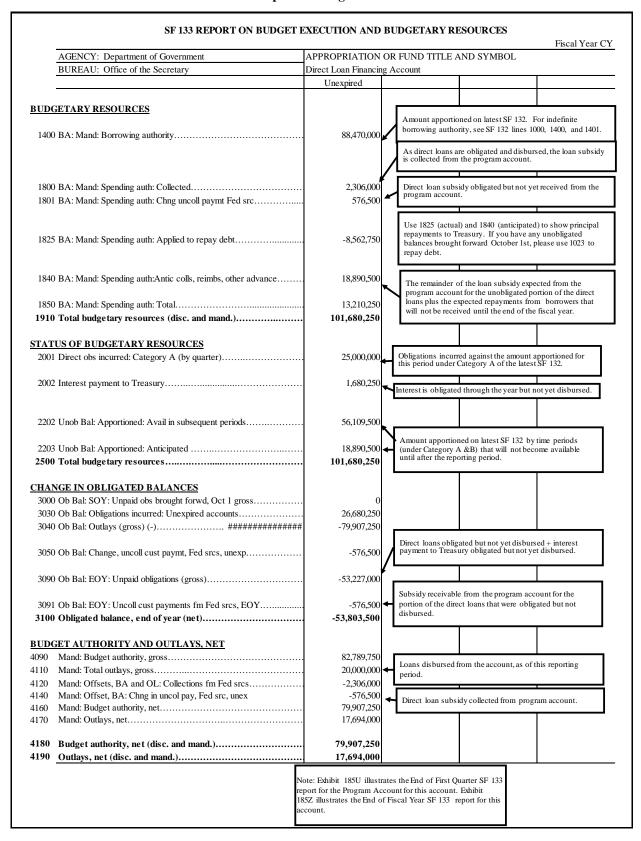
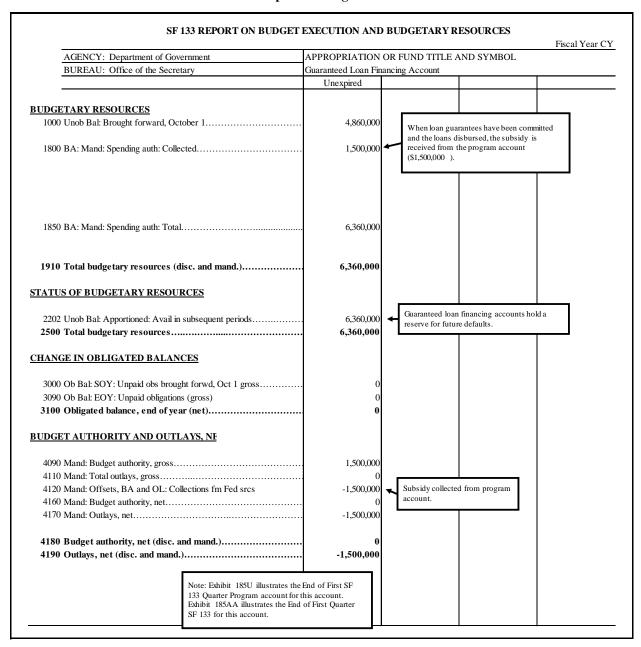


EXHIBIT 185W FEDERAL CREDIT

End of First Quarter: Guaranteed Loan Financing Account Report on Budget Execution



FEDERAL CREDIT EXHIBIT 185X

End of Fiscal Year: Program Account Report on Budget Execution

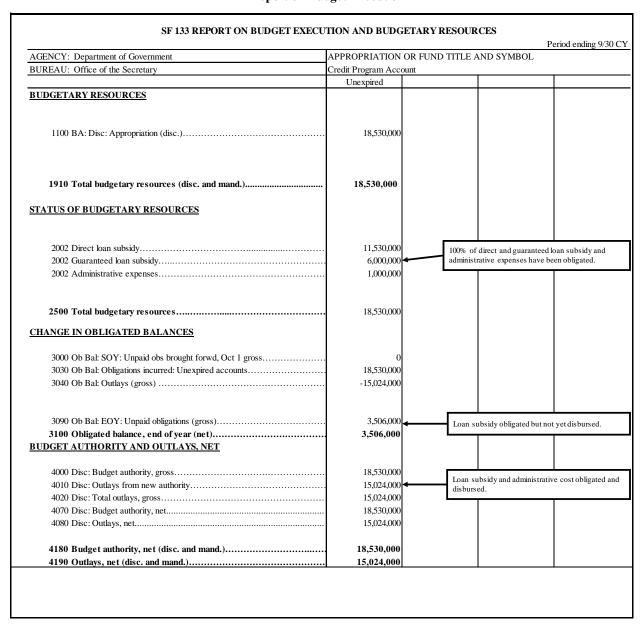
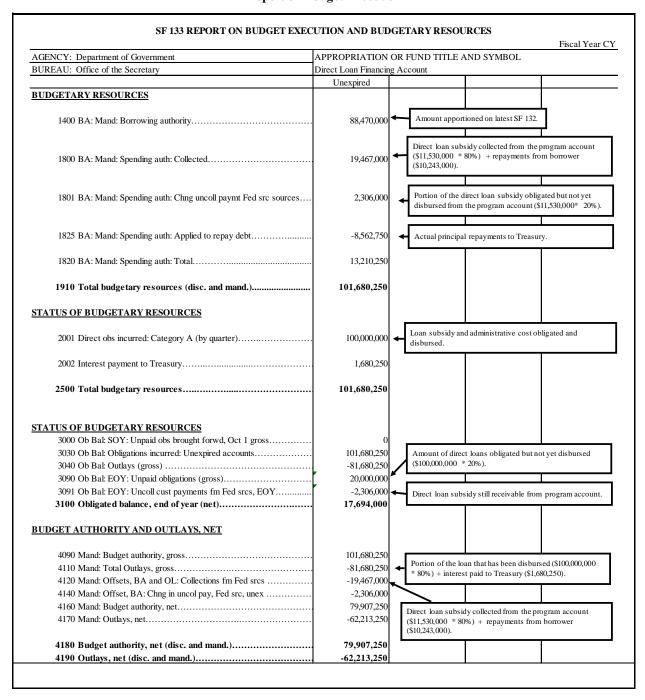


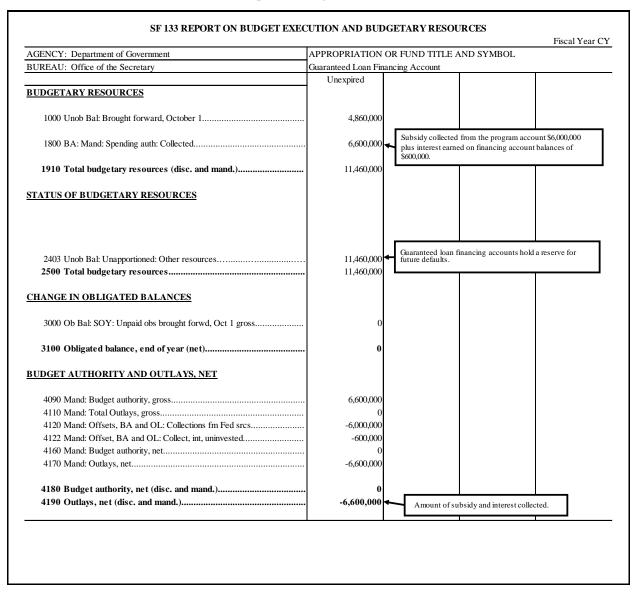
EXHIBIT 185Y FEDERAL CREDIT

End of Fiscal Year: Direct Loan Financing Account Report on Budget Execution



FEDERAL CREDIT EXHIBIT 185Z

End of Fiscal Year: Guaranteed Loan Financing Account Report on Budget Execution



CIRCULAR NO. A-11

PART 6

PREPARATION AND SUBMISSION OF STRATEGIC PLANS, ANNUAL PERFORMANCE PLANS, AND ANNUAL PERFORMANCE REPORTS



EXECUTIVE OFFICE OF THE PRESIDENT OFFICE OF MANAGEMENT AND BUDGET JULY 2016

PART 6—EXECUTIVE SUMMARY

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Building a High Performance Government

Federal managers have an important obligation to ensure that every dollar spent delivers results for the American people. To accomplish this, high-performing private and public sector organizations implement performance management systems that engage leaders in regularly reviewing progress toward their goals.

Since 2010, the Federal Government has ramped up its efforts to apply effective performance management within and across agencies. Leaders have established clear roles and responsibilities, set ambitious priority goals, personally conducted regular reviews of progress, and taken action based on evidence and on opportunities to coordinate across silos. To further advance these efforts, OMB has worked closely with agency Performance Improvement Officers to develop this guidance, which lays out the path forward for implementing the GPRA Modernization Act of 2010.

Clarifying Key Roles and Responsibilities

Perhaps the most important aspect of any effective performance management system is ensuring active leadership engagement. Leadership engagement fosters a high-performance culture that empowers employees at all levels and enables the organization to work across silos to solve problems. In particular, the leader's responsibility not just for establishing the goals but also for conducting data-driven reviews are critical for creating a results-oriented culture, where leaders and staff debate questions that help them find, sustain, and spread promising practices and policies. This guidance describes key roles and responsibilities in performance management for the Agency Head, Chief Operating Officer (COO), Performance Improvement Officer (PIO), Goal Leaders, and Performance Improvement Council (PIC).

- **Agency COOs**, who must be Deputy Secretaries or equivalent, provide organizational leadership to improve performance.
- Agency PIOs, who must report directly to the COO, are responsible for supporting the agency head and COO in leading efforts to set goals, make results transparent, review progress and make course corrections.
- Goal Leaders are officials named by the agency head or COO who are held accountable for leading implementation efforts to achieve a goal. This role includes laying out strategies to achieve the goal, managing execution, regularly reviewing performance, engaging others as needed and correcting course as appropriate.

- The Performance Improvement Council (PIC) develops capacity-building mechanisms to strengthen agency management and facilitate cross-agency learning and cooperation, including supporting OMB and Goal Leaders in analyzing progress on Cross-Agency Priority (CAP) Goals. PIC working groups develop solutions to matters that affect mission activity, management functions and performance.
- **Delivery partners**, the organizations or entities outside a Federal agency that help a Federal agency accomplish its objectives, are consulted and engaged to support outcome objectives.

Engaging Leaders in Goal-Setting and Sharpening Focus on Priorities

The Administration expects agencies to set a limited number of ambitious goals that encourage innovation and adoption of evidence-based strategies. Agency leaders at all levels of the organization are accountable for choosing goals and indicators wisely and for setting ambitious, yet realistic targets. Wise selection of goals and indicators reflects careful analysis of the characteristics of the problems and opportunities an agency seeks to influence to advance its mission.

- **The Director of OMB** sets long-term Cross-Agency Priority Goals every 4 years with annual and quarterly targets.
- **Agency heads** develop Strategic Plans with long-term goals and objectives every 4 years, Agency Priority Goals (APGs) every two years, and performance goals at least annually.

Promoting Increased Use of Performance Information and Other Evidence through Regular Reviews

Frequent data-driven performance reviews give agency leaders a mechanism for focusing an agency on priorities, diagnosing problems, and finding opportunities. Successful reviews include analyzing disaggregated data, learning from past experience, and deciding next steps to increase performance and productivity. Annual assessments of agency progress on strategic objectives can also improve program outcomes and inform longer-term decision making.

- The OMB Director and Performance Improvement Council run quarterly reviews on Cross-Agency Priority Goals.
- Agency heads and OMB conduct annual strategic reviews of progress on outcomes and cross-cutting efforts, considering the entire body of both qualitative and quantitative evidence.
- Agency COOs, along with key personnel from components or other agencies, run at least quarterly data-driven reviews of Agency Priority Goals, to better understand challenges, factors affecting change, and the costs of delivery.

Improving Usefulness of Program Information through Reporting Modernization

A central website, <u>Performance.gov</u>, makes finding and consuming performance information easier for the public, Congress, delivery partners, agency employees, and other stakeholders. This has the potential to improve public understanding about what Federal programs do and how programs link to budget, performance, and other information. Performance.gov is the central website that serves as the public window to Federal goals and performance in key areas of focus. Using a phased approach, the website will include:

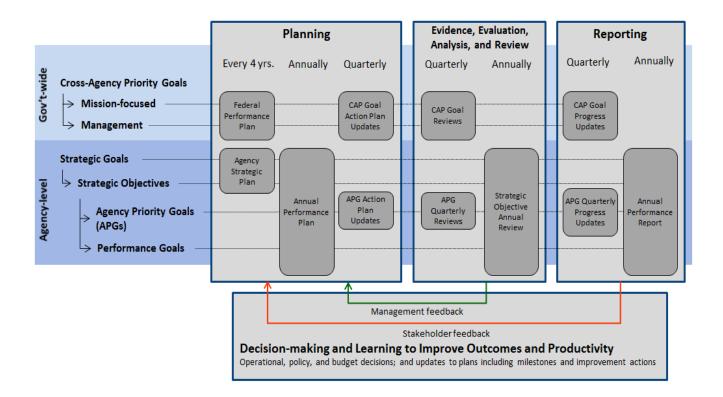
- Descriptions of Cross-Agency Priority Goals including associated indicators, targets, action plans, goal leaders, and contributing programs.
- OMB and agencies' quarterly updates of progress on Priority Goals.

- Agency Strategic Plans, Performance Plans and Performance Reports.
- An inventory of agencies' programs.

The Performance Management Cycle

As important as it is to sustain a strong performance culture through the practices described in the guidance, it is equally important to have reliable and effective processes which support continuous improvement and opportunities for capacity building. The description below gives an overview of the Federal Performance Management Cycle.

- Strategic Plans present the long-term objectives an agency hopes to accomplish at the beginning of each new term of Administration, describing general and long-term goals the agency aims to achieve, what actions the agency will take in coordinating resources to realize those goals, and how the agency will address challenges or risks that hinder progress.
- From the strategic goals and objectives in the Strategic Plan, agencies establish an annual process to set and monitor performance goals and Agency Priority Goals.
- Agencies use quarterly data-driven reviews to focus on targeted, short-term progress, and use annual strategic reviews to assess progress toward longer-term objectives.
- Finally, agencies report quarterly progress updates on Agency Priority Goals to Performance.gov, and summarize the full years' past performance in their Annual Performance Reports. These communicate publicly to external stakeholders about progress and help inform the development of the next Strategic Plan or Annual Performance Plan.



SECTION 200—OVERVIEW OF THE FEDERAL PERFORMANCE FRAMEWORK

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200.1 To which agencies does Part 6 of OMB Circular A-11 apply?

In Part 6 of this Circular, agency is defined by section 306(f) of title 5, which includes executive departments, government corporations, and independent establishments but does not include the Central Intelligence Agency, the Government Accountability Office, the United States Postal Service, and the Postal Regulatory Commission. The Legislative Branch and the Judiciary are not subject to these requirements. In cases where sections of Part 6 guidance are applicable only to a subset of executive departments, government corporations, and independent establishments, the section will specify to which subset of agencies the guidance applies.

Except for statutory exemption, agencies are required to submit Strategic Plans, Annual Performance Plans, and Annual Performance Reports to the President, Congress and OMB in accordance with these instructions. OMB may exempt independent agencies with \$20 million or less in annual outlays from the requirements for a Strategic Plan, Annual Performance Plan, and Annual Performance Report. The GPRA Modernization Act does not authorize any exemption of a component of a department or independent agency, such as a bureau or office that annually spends \$20 million or less.

Organizational components of agencies are not considered independent establishments or separate from executive departments, rather are a part of them. Therefore, agency components are not defined as an agency in the GPRA Modernization Act or in this guidance. Agencies subject to this guidance should work with their components to implement the GPRA Modernization Act in a manner that is most useful to the whole organization. Agencies are expected to work with their components to identify priorities, goals, performance indicators, and other indicators relative to the mission and strategic objectives of the agency.

200.2 What other laws or policies are relevant to Part 6 of OMB Circular A-11?

Aside from the Government Performance and Results Act of 1993 and the GPRA Modernization Act of 2010, several other laws affect the agency requirements included in Part 6 of OMB Circular A–11. The Chief Financial Officers (CFO) Act of 1990 requires the head of each of the 24 executive agencies to prepare and submit to the Director of OMB audited financial statements. The list of agencies in the CFO Act is used to identify agencies that must develop Agency Priority Goals under the GPRA Modernization Act or as otherwise determined by the Director of OMB.

The Chief Human Capital Officers Act of 2002 tasked each Chief Human Capital Officer (CHCO) with "aligning the agency's human resources policies and programs with organization mission, strategic goals, and performance outcomes." See section 200.14 for the role of the CHCO. The GPRA Modernization Act reinforced the CHCOs' role in agency performance planning. As one means of implementing these expectations, the Senior Executive Service performance appraisal policy requires that every SES clearly identify the goals and objectives in the agency Strategic Plan, Annual Performance Plan, or other organizational planning documents for which the SES has full or partial leadership responsibility. Agency strategic objectives must have individuals clearly responsible for their implementation, SES or other levels of manager or team leader.

As a part of the capital planning process, pursuant to the Clinger-Cohen Act, agency heads under the direction of OMB must "analyze the missions of the executive agency and, based on the analysis, revise the executive agency's mission-related processes and administrative processes, as appropriate, before making significant investments in information technology to be used in support of those missions." Agency plans for capital acquisitions, including plans for information technology, supported by TechStat and PortfolioStat reviews, should align with and support advancement of the goals identified in agency Strategic Information Resource Management Plans (as per Circular A-130), as well as Strategic and Annual Performance Plans, including Agency Priority Goals.

The Reports Consolidation Act of 2000 allows agencies, at the discretion of the Director of OMB, to consolidate the publication of financial and performance information as a Performance and Accountability Report (PAR). A few small agencies continue to use this option and may still use it for the FY 2016 Annual Performance Report. However, in light of the GPRA Modernization Act's performance reporting on a central website, CFO-Act agencies must provide the FY 2016 Annual Performance Report with the FY 2018 Annual Performance Plan. (See section 260 on Annual Performance Reporting.)

200.3 Our agency is subject to special laws or other governing regulations related to our agency's performance planning or reporting. How does this guidance relate?

The guidance related to the GPRA Modernization Act requirements accompanies the agency's existing requirements established by other government laws or policies. For example, where agencies are authorized to keep information secret in the interest of national defense or foreign policy, pursuant to applicable policies and laws, agencies should continue to follow those existing laws or policies in their performance planning and reporting. Further, in cases where it is appropriate and feasible, agencies can meet the requirements of the GPRA Modernization Act and other statutory requirements in a single report such as the Department of Defense's Quadrennial Defense Review, which could serve as the agency's Strategic Plan provided it meets the appropriate goal-setting requirements of associated laws. If agencies find that GPRA Modernization Act requirements conflict with other requirements, contact OMB to resolve the issue.

200.4 Overview of the GPRA Modernization Act of 2010

On January 4, 2011, President Obama signed the GPRA Modernization Act of 2010. The Act modernized the Federal Government's performance management framework, retaining and amplifying some aspects of the Government Performance and Results Act of 1993 (GPRA 1993) while also addressing some of its weaknesses. GPRA 1993 established strategic planning, performance planning and performance reporting for agencies to communicate progress in achieving their missions. The GPRA Modernization Act established some important changes to existing requirements. Building on lessons agencies have learned in setting goals and reporting performance, a heightened emphasis is placed on priority-setting, crossorganizational collaboration to achieve shared goals, and the use and analysis of goals and measurement to improve outcomes. The GPRA Modernization Act serves as a foundation for engaging leaders in performance improvement and creating a culture where data and empirical evidence play a greater role in policy, budget and management decisions.

The purposes of the GPRA Modernization Act are to:

- Improve the confidence of the American people in the capability of the Federal Government, by systematically holding Federal agencies accountable for achieving program results;
- Improve program performance by requiring agencies to set goals, measure performance against those goals and report publicly on progress;
- Improve Federal program effectiveness and public accountability by promoting a focus on results, service quality and customer satisfaction;
- Help Federal managers improve service delivery, by requiring that they plan for meeting program goals and by providing them with information about program results and service quality;
- Improve congressional decision-making by providing more information on achieving statutory objectives and on the relative effectiveness and efficiency of Federal programs and spending;
- Improve internal management of the Federal Government; and
- Improve usefulness of performance and program information by modernizing public reporting.

200.5 What are agencies, their managers and their employees accountable for with regard to their performance goals and measurement?

The GPRA Modernization Act requires agencies to set long-term goals and objectives as well as specific, near-term performance goals. Agency leaders at all levels of the organization are accountable for choosing goals and indicators wisely and for setting ambitious, yet realistic targets. Wise selection of goals and indicators should reflect careful analysis of the characteristics of the problems and opportunities an agency seeks to influence to advance its mission, factors affecting those outcomes, agency capacity and priorities. Agency leaders are expected to consider the available evidence, including any available evaluation results, when conducting this analysis. As appropriate, such analysis should consider whether the goals and indicators have been validated through research to be well correlated with ultimate outcomes, implications of available research on the appropriateness of the measure, and whether the available research indicates that the use of the measure may encourage negative unintended consequences. To successfully deliver services to the public in a cost-effective way, agencies strive to maintain a performance culture where both leaders and staff constantly ask and try to answer, using the most rigorous methods feasible and appropriate, questions that help them find, sustain, and spread proven or promising practices and policies.

Agencies are expected to set ambitious goals in a limited number of areas that push them to achieve significant performance improvements beyond current levels. In pursuing these ambitious goals, agencies

are encouraged to expand the adoption of strategies that are based on rigorous evidence of effectiveness, where feasible and appropriate, and innovate strategies that show promise to be more effective, efficient, or cost-effective than current practice and evaluate their results. OMB generally expects agencies to make progress on all of their ambitious goals and achieve most of them, but at the same time will work with an agency that consistently meets a very high percentage of its ambitious goals to assure it is setting sufficiently ambitious goals. It will also work with agencies to develop performance improvement plans to support progress on the more challenging goals and objectives. Agencies are accountable for constantly striving to achieve meaningful progress and find lower-cost ways to achieve positive results.

200.6 How does the GPRA Modernization Act affect the roles and responsibilities of leadership at the agency?

The GPRA Modernization Act builds upon a performance management leadership structure that begins with the agency head, the Chief Operating Officer (COO), the Performance Improvement Officer (PIO), and the goal leaders. The Act's performance framework must translate across and cascade down the organization to all agency managers and team leaders. The three primary responsibilities of agency performance leaders are:

- 1. **Goal-setting**. Leaders at all levels of the organization, starting with the agency head, are responsible for choosing and communicating near-term and long-term goals, distinguishing those that are the highest priority and for driving progress on those priorities.
- 2. **Assuring timely, actionable performance information is available to decision-makers at all levels of the organization**. COOs, PIOs and senior program managers should make sure that the agency gathers and analyzes performance and other evidence, including evaluations and other research as needed, to better understand the problems they are trying to tackle, the effectiveness of past efforts to address problems, factors affecting change, and the costs of delivery.
- 3. Conducting frequent data-driven reviews that guide decisions and actions to improve performance outcomes, manage risk, and reduce costs. Each agency head and/or COO, with the support of the PIO, must run data-driven progress reviews and include in the reviews key personnel from other components, programs, or agencies, which contribute to the accomplishment of the goals reviewed. These reviews must include but are not limited to Agency Priority Goals.

As the GPRA Modernization Act is implemented, increased use of performance information should spread across the organization and to program delivery partners.

200.7 How does the agency designate the COO and PIO and notify OMB of the designations?

The GPRA Modernization Act requires all agency heads to designate a COO, who is the deputy head of the agency or equivalent. Agency heads, in consultation with the COO, will designate a senior executive as the agency PIO. The PIO must report directly to the COO or agency head. Agencies naming a political appointee senior executive or other individual with a limited-term appointment as PIO should name a career senior executive as the Deputy PIO.

For the purposes of assigning a PIO, agencies have flexibility to name a senior executive, depending on the organizational needs and structure of the agency. For agencies with 500 or more full-time-equivalent employees (FTEs), a senior executive should be at the Executive Schedule, Senior Executive Service or equivalent level. For agencies with less than 500 FTEs, a senior executive should be a senior-level manager or leader within the organization. If necessary, and within available resources, agencies subject to the Chief Financial Officers Act of 1990 may submit to the Office of Personnel Management a request for consideration of an SES allocation adjustment for the PIO position.

The head of each agency with more than five hundred FTEs must notify OMB of the name of the agency COO. This should be done by emailing the OMB Deputy Director for Management/Chief Performance Officer and the OMB Associate Director for Performance and Personnel Management the name of the COO, copying performance@omb.eop.gov. The COO must also notify OMB of the name of the PIO (and Deputy PIO, if named) by emailing the Associate Director for Performance and Personnel Management and copying performance@omb.eop.gov. Agencies that have fewer than 500 FTEs are encouraged, but not required, to notify OMB of the name of the agency COO and PIO (and Deputy PIO if named). The agency head or COO, as appropriate, must update the designations as they change.

200.8 Does an agency have to name an acting COO or acting PIO if the position is vacant?

Yes. If the COO or PIO position is likely to remain vacant for more than one month, the agency head or the COO should notify OMB of the name of the acting COO or acting PIO by emailing notifications to the Associate Director for Performance and Personnel Management, copying performance@omb.eop.gov. The Deputy PIO will be presumed to serve as the acting PIO unless the COO names another person to serve as the acting PIO.

200.9 Are the PIO designations available to the public?

Yes. The names of PIOs are available to the public on the Performance Improvement Council's website for the 24 CFO Act agencies.

200.10 What is the role of the Chief Operating Officer (COO)?

Critical to the success of agency efforts to improve results and reduce costs is leadership engagement at all levels – led by the COO. The GPRA Modernization Act states that the COO "shall provide overall organization management to improve agency performance and achieve the mission and goals of the agency through the use of strategic and performance planning, measurement, analysis, regular assessment of progress, and use of performance information to improve the results achieved." The law charges the COO with advising and assisting the head of the agency in these efforts, with support from the PIO. COOs, assisted by PIOs, are expected to assume the following roles and responsibilities for delivering an efficient, effective, and accountable government:

- 1) Set clear and ambitious goals to improve results and reduce costs. COOs will advise and assist the agency heads in selecting and communicating near- and long-term goals for their agencies that accelerate performance on Administration priorities and agency missions, save money, and enhance agency responsiveness to customers and citizens.
- 2) Assign and empower senior accountable officials to lead. Agency heads or COOs will designate a goal leader responsible for driving progress for each strategic objective and Agency Priority Goal. COOs will ensure these senior accountable officials have the tools and authority needed to manage both within and across organization boundaries to deliver better results in the most cost-effective way.
- 3) Conduct frequent reviews to accelerate progress. At least every quarter, the COOs will conduct data-driven reviews to speed performance and efficiency improvements on priority and other goals, including savings and management goals, coordinating with agencies that contribute to shared goals. Quarterly performance reviews on Agency Priority Goals are required both by Executive Order 13576 and the GPRA Modernization Act of 2010. COOs are responsible for ensuring these reviews are implemented in a way that is useful to the organization and for strengthening the agency's analytic capacity to support data-driven progress reviews.
- 4) Identify and implement actions that improve results, enhance efficiency, manage risk and reduce waste. The COOs, working with component managers, program managers, risk managers,

research and evaluation offices, PIOs, Chief Financial Officers (CFOs), Chief Acquisition Officers, Chief Information Officers, Chief Human Capital Officers (CHCO), and other management function leaders, will actively engage in delivering results on agency goals in more effective and efficient ways, including re-directing budget and staffing resources and expanding the use of strategies that have been shown to be effective based on rigorous evidence. In general, these types of decisions should take into consideration the portfolio of available evidence on the topic, and high-stakes decisions should, in particular and when available, be based on a preponderance of evidence developed using rigorous methods. The COOs will also work with the CFOs and other agency leaders to ensure that managers and employees continually look for and act on opportunities to cut waste and increase productivity. As part of this effort, COOs will ensure that other leaders within the agency such as program managers, information technology managers and acquisition leaders are working closely with the CFOs to meet goals for reducing unnecessary spending and to increase agency participation in Government-wide savings initiatives, such as strategic sourcing. COOs will also ensure that an agency's leadership team reviews the program improvement and cost saving recommendations identified in the Government Accountability Office's (GAO) annual report on program duplication, overlap, and fragmentation, as well as areas GAO has identified as high-risk, and that the agency has a plan in place that addresses the recommendations.

- 5) Ensure transparency of performance information that increases accountability, results, and cost-effectiveness. COOs are responsible for making sure that performance information is regularly updated to inform agency and OMB performance reviews. In addition, COOs will make sure that program managers regularly communicate actionable performance metrics and analyses to those in the field, other parts of the Federal Government and delivery partners so they can improve performance and reduce costs. Also, on an annual basis, COOs are responsible for assuring that each agency identifies opportunities for eliminating or modifying duplicative or outdated congressionally-required plans and reports.
- 6) Instill a performance and efficiency culture that inspires continuous improvement. COOs, supported by PIOs, CHCOs, and research and evaluation offices, are responsible for establishing a performance and evidence culture within the agency that sets priorities and challenges for managers and employees at all levels of the organization to focus on better outcomes and lower-cost ways to operate. They should work to establish a culture of continual learning where staff identify critical questions and search for, test, and expand the use of effective practices. They are also responsible for using the annual Federal Employee Viewpoint Survey to identify areas of personnel strength and areas of weakness needing attention. Further, COOs are responsible for assuring that SES performance expectations support progress on agency strategic objectives, performance goals, and indicators.

200.11 Why is COO leadership engagement important to performance management?

Engagement of agency leadership in performance management is critical for several purposes. COOs need to:

- Provide organizational leadership to improve performance relative to mission and management functions.
- Bring together other leaders and staff within the agency, including component managers, program managers, research and evaluation experts, and other leaders of key management functions such as the CIO, CFO, CHCO, and CAO, in addition to the PIO, to solve problems and pursue opportunities that help the agency operate more effectively and efficiently. This collaboration includes identification of critical questions that, when answered, will help the agency operate more effectively or efficiently, and the development of a plan to answer those questions in the most rigorous method feasible and appropriate.
- Make timely and consequential decisions, including program, budget, and staffing decisions, to drive performance results in more effective and cost-effective ways.

- Maintain or shift focus of other leaders and staff to the priorities that advance Administration and agency mission.
- Convene and chair data-driven performance reviews with appropriate representatives from components, other offices, and other agencies, if needed, challenging those involved in the review to identify opportunities for improvement and decide next steps.
- Promote adoption of performance improvement practices across the whole organization, fostering a high-performance culture that empowers and engages managers and employees at all levels. Examples include creating demand for useful performance information and other evidence during data-driven reviews, holding managers accountable for knowing what works that is worth continuing, knowing what does not and that needs to be fixed, and following up on actions assigned during the performance reviews.

200.12 What is the role of the Performance Improvement Officer?

The GPRA Modernization Act requires agency heads, in consultation with the COO, to name a PIO who is a senior executive reporting directly to the COO. Agency PIOs are expected to advise and assist the agency leadership to ensure that the mission and goals of the agency are achieved through strategic and performance planning, measurement, analysis, regular assessment of progress, and use of high-quality performance information and other evidence to improve results. This includes driving performance improvement efforts across the organization by using goal-setting, measurement, analysis, evaluation and other research, data-driven performance reviews on progress, cross-agency collaboration, and personnel performance appraisals aligned with organizational priorities.

The PIOs are expected to support the head of the agency and COO functions by playing the following roles within their agencies:

- 1) Support the agency head and COO in leading agency efforts to set goals, make results transparent, review progress and make course corrections by:
 - advising and assisting all organizational components in strategic and performance planning to advance the agency's mission;
 - supporting frequent data-driven reviews, at least quarterly, to learn from experience, descriptive research, descriptive and predictive analyses, evaluations, and to decide next steps to improve program performance; and
 - communicating goals, progress, problems, and improvement plans, including quarterly reporting of progress on agency priorities and Annual Performance Reports, to those who need the information to make better decisions.
- 2) Reach out to other offices to improve operational effectiveness and efficiency by:
 - assisting other agency managers, including component and program office managers, Chief Financial Officer, Chief Human Capital Officer, Chief Acquisition Officer/Senior Procurement Executive, Chief Information Officer, risk managers, research and evaluation offices, and legislative and communication offices, in efforts to improve and communicate organizational performance;
 - working with Chief Human Capital Officer and other agency managers in aligning personnel performance objectives, feedback, appraisals, recognition, and incentive structures effectively to advance agency goals and priorities;

- working with CIOs and CAOs to ensure agency capital investments advance organizational goals set forth in strategic and annual plans; and
- assisting the COO, in collaboration with the CFO, in evaluating the efficient use of resources across all agency activities, incorporating the use of performance information and other evidence, particularly high-quality evidence identified in partnership with research and evaluation offices, in budget preparation and execution; and
- promoting the application of risk management practices in strategic planning, strategic reviews as well as other budget and performance activities.
- 3) Help components, program office leaders and goal leaders to identify and promote adoption of effective practices to improve outcomes, responsiveness and efficiency, by supporting them in:
 - selecting meaningful and appropriate goals and indicators, designating goal leaders, collecting and analyzing data in ways that inform targeting, identifying and promoting adoption of increasingly effective practices, and securing evaluations and other research as needed:
 - preparing for data-driven reviews;
 - communicating performance goals, indicators and related analyses;
 - managing risks to performance goals and objectives;
 - running effective data-driven performance reviews and triggering focused follow-up questions that inform future action and research; and
 - creating a network for learning and knowledge sharing about successful outcome-focused, data-driven performance improvement methods across all levels of the organization and with delivery partners.

200.13 Who supports the work of the PIO?

Agencies may create a dedicated PIO staff and/or identify a cross-agency team that supports the PIO to assist the COO in strengthening the performance improvement culture and practices that improve outcomes and cost-effectiveness. COOs should identify organizational resources, staff or units with analytic and evaluation capacity to work with the PIOs to support the data-driven reviews.

200.14 What is the role of the Chief Human Capital Officer (CHCO)?

The agency CHCO plays an important role in supporting agency performance improvement efforts, including specific responsibilities identified in the GPRA Modernization Act. The CHCO supports the agency head, COO, and PIO by ensuring agency human capital plans, strategies, and investments advance organizational goals set forth in strategic and annual plans by:

- aligning agency human capital management with the Human Capital Framework (HCF) and agency strategic planning to support agency mission, goals and objectives;
- overseeing forward-thinking workforce planning and analysis within fiscal restraints, including identifying and continuously working to close skill gaps in mission critical occupations and managerial and executive positions using effective hiring and workforce development strategies;

- recommending effective human capital solutions that can mitigate identified risks;
- collaborating with the PIO and other senior leaders to emphasize and develop plans to improve and sustain meaningful employee engagement efforts;
- aligning human capital planning with agency strategic and performance plans, and coordinating data-driven reviews (i.e., HRStat) that focus on key human resource management metrics that support mission accomplishment;
- conducting quarterly data-driven HRStat reviews in collaboration with the agency Performance Improvement Officer, including measuring progress and identifying actions to enhance organizational culture and employee engagement. CHCOs should use their HRStat quarterly review sessions to track their employee engagement metrics and targets;
- working with the PIO and senior leaders and managers across agency components and programs in developing aggressive, results-based individual performance objectives aligned to advance agency goals and priorities, and in providing effective employee feedback, appraisals, recognition, and incentive structures to recognize excellence; and
- collaborating with other executive department CHCOs through the CHCO Council to share noteworthy practices and develop and support cross-cutting HC initiatives.

The Chief Human Capital Officer (CHCO) is responsible for identifying and promoting human capital programs and policies that support the Strategic and Annual Performance Plans by providing information about:

- future workforce challenges that will affect the organization's ability to meet its mission objectives (e.g., pipeline challenges) and continuously conducting an environmental scan to identify future human capital issues;
- workforce analysis profiles, to include information about current and future staffing and competency requirements;
- human capital programs and initiatives established to support the agency's mission, such as the agency's plan to maintain an agile and well-equipped workforce;
- human capital policies, programs, initiatives and training solutions that can mitigate risks identified;
 and
- requests for positions, training and programs, especially to support the Chief Financial Officer and agency budget decisions.
- For more information about the CHCO role in agency performance management see the <u>April 26</u>, <u>2013 memorandum</u> from OPM to CHCOs.

200.15 What is the role of a goal leader?

A goal leader is an official named by the agency head or COO who will be held accountable for leading implementation efforts to achieve a goal. A goal leader will lay out strategies to achieve the goal, manage execution, regularly review performance, engage others as needed and make course corrections as appropriate. Agency goal leaders will be individual(s) authorized to coordinate across an agency or program to achieve progress on a goal. Certain goals may require two goal leaders or co-goal leaders who share accountability for progress.

200.16 Do all agencies need to assign a goal leader for every goal?

Agencies responsible for Priority Goals must identify to OMB the goal leader for each Agency Priority Goal and strategic objective that was included in the agency's Strategic Plan or updated in the most recent Annual Performance Plan. Unless otherwise noted, the goal leader for each strategic objective also has responsibility for driving progress on the individual performance goals supporting that strategic objective and managing associated risks. OMB will work across the Administration to identify goal leaders for Cross-Agency Priority Goals.

OMB expects that Chief Human Capital Officers and PIOs to work together to ensure that every Agency Priority Goal and strategic objective has an official clearly responsible for it.

200.17 What is a deputy goal leader?

Where a goal leader is assigned, agencies should identify a deputy goal leader to support the goal leader. A deputy goal leader should be a career federal employee designated to assist the goal leader.

200.18 What is the role of the Performance Improvement Council?

The GPRA Modernization Act establishes the Performance Improvement Council (PIC) in statute. The PIC assists agencies, the Director of OMB, and the Deputy Director for Management of OMB in improving the performance of the Federal Government. The PIC is intended to help make performance management and improvement policies and principles operational.

The Deputy Director for Management of OMB, or designee, shall act as chairperson of the PIC and preside at the meetings of the PIC, determine its agenda, direct its work and establish and direct subgroups of the PIC, as appropriate, to deal with particular subject matters.

The PIC shall:

- Assist the Director of OMB in improving the performance of the Federal Government and achieving the Federal Government Cross-Agency Priority Goals and in implementing the planning, reporting and use of performance information requirements related to the Cross-Agency Priority Goals;
- Analyze and advise how to resolve specific Government-wide or cross-cutting issues;
- Facilitate the exchange of useful practices within specific programs or across agencies;
- Coordinate with other interagency management councils;
- Consider the performance management and improvement experience of others (private sector, other governments and other levels of government, nonprofit sector, public sector unions, customers of government services, etc.);
- Receive assistance, information, and advice from agencies;
- Develop and submit recommendations to streamline and improve performance management policies and requirements and, when appropriate, leads implementation of them; and
- Develop tips, tools, training, and other capacity-building mechanisms to strengthen agency performance management and facilitate cross-agency learning and cooperation, especially by considering the performance improvement experiences of entities both within and outside the Federal Government.

200.19 Who makes up the PIC?

The Performance Improvement Council is chaired by the Deputy Director for Management (DDM) of OMB and is supported by a number of full-time staff from the General Services Administration. The DDM may delegate day-to-day management of the PIC to an Executive Director who presides at the meetings, determines its agenda, directs its work and establishes and directs the work of subgroups. The membership of the PIC includes Performance Improvement Officers (PIO), Deputy PIOs, and associated staff and other individuals from Federal agencies as determined by the chair. The PIC may create working groups, task forces, and subcommittees made up of other agency officials to carry out the work of the Council and support efforts to improve the performance of the Federal Government.

200.20 What is the PIC's relationship with agencies?

The PIC is made up of agency representatives and serves agencies on matters of performance management and improvement. Agency staff, managers, and executives can engage PIC resources, such as dedicated staff and detailees reporting to the PIC, working groups, and online collaboration opportunities provided by the PIC, to solicit solutions to matters that impact mission activity, management functions and performance management. As provided by law, the heads of agencies with Performance Improvement Officers serving on the PIC shall provide, at the request of the chairperson of the PIC, up to 2 personnel authorizations to serve at the direction of the chairperson.

200.21 Definitions

Administrative Data. Data collected by government entities for program administration, regulatory, or law enforcement purposes. Examples include: data on employment and earnings collected through the Unemployment Insurance (UI) program, data on medical conditions and payments collected through Medicare and Medicaid, data on local pollution levels collected to administer the Clean Air and Clean Water Acts, and criminal histories maintained as part of police records or arrests. Such data are usually collected on the universe of individuals, businesses, or communities affected by a particular program, in contrast to survey data that are collected for samples of broader populations, typically for research evaluation, or other statistical purposes.

Actionable Information/ Data of Significant Value. Data or other evidence that is sufficiently accurate, timely and relevant to affect a decision, behavior, or outcome by those who have authority to take action. For information to be actionable, it must be prepared in a format appropriate for the user. (See section 240.)

Agency. OMB Circular A–11 Part 6 uses the same definition of agency as the GPRA Modernization Act in section 306(f) of title 5. This definition of agency includes executive departments, government corporations and independent establishments but does not include the Central Intelligence Agency, the Government Accountability Office, the United States Postal Service, and the Postal Regulatory Commission.

Agency Financial Report (AFR). A report on the agency end of fiscal year financial position that includes, but is not limited to, financial statements, notes on the financial statements and a report of the independent auditors. The report also includes a performance summary. (See section $\underline{260}$ on Annual Performance Reporting).

Annual Performance Plan (APP). Under the GPRA Modernization Act, an agency's Annual Performance Plan defines the level of performance to be achieved during the year in which the plan is submitted and the next fiscal year. The APP may be used to structure the agency's budget submission or be a separate document that accompanies the agency's budget submission. An Annual Performance Plan must cover each program activity of the agency set forth in the budget. (See section 240 on Annual Performance Planning).

Annual Performance Report (APR). A report on the agency performance that provides information on the agency's progress achieving the goals and objectives described in the agency's Strategic Plan and Annual Performance Plan, including progress on the Agency Priority Goals. The report is delivered to Congress every February with an agency's Congressional Budget Justification or, alternatively, the APR may be delivered as a performance section of the Performance and Accountability Report that is published by agencies in November. (See section 260 on Annual Performance Reporting).

Component (of an agency). Used to describe major organizational units, such as a bureau, administration, or office, within a department or agency.

Crosscutting. Across organizational boundaries within an agency or across multiple agencies.

Delivery Partner. Organizations or entities outside a Federal agency that help a Federal agency accomplish its objectives (e.g., state and local governments, grantees, non-profits, associations, other agencies, contractors).

Efficiency. For the purposes of A-11 Part 6, efficiency gains in a program may be described as maintaining a level of performance at a lower cost, improving performance levels at a lower cost, improving performance levels at the same cost, or improving performance levels to a greater degree than costs are increased.

Enterprise Risk Management (ERM). A discipline that deals with identifying, assessing, and managing an organization's risks. Agencies should coordinate the implementation of their ERM capability that assesses and manages risks as part of their strategic planning and review process (section <u>270</u>). For a complete description of management's responsibilities for Enterprise Risk Management and internal control within the Federal Government see <u>OMB Circular A-123</u>.

Evaluation. Individual, systematic studies to assess how well an entire program or some specific strategy or an aspect of a program is working to achieve intended results or outcomes. Evaluations may address questions related to the overall performance of the program, the implementation of the program, the effectiveness of program strategies, or factors that relate to variability in effectiveness of the program or strategies. Evaluations can also examine questions related to measurement of progress, such as the reliability of performance data, identifying appropriate goals or targets for performance, and understanding the contextual factors surrounding a program.

Examples of major types of evaluations:

- The first type, which includes process, implementation, and formative evaluations, is focused on assessing how effectively programs or aspects of programs deliver services relative to program design, professional standards, or regulatory requirements.
- The second type, impact or outcome evaluations, is focused on assessing the impact of a program or aspect of a program on outcomes, typically relative to a counterfactual, meaning some estimate of what would have happened in absence of the program or aspect of the program.

Evaluations should use the most rigorous methods that are appropriate to the evaluation questions and feasible within budget and other constraints. Rigor is important for all types of evaluations. Impact evaluations require that (1) inferences about cause and effect are well-founded (internal validity); (2) there is clarity about the populations, settings, or circumstance to which results can be generalized (external validity); (3) measures accurately capture the intended information (measurement reliability and validity); (4) samples are large enough for meaningful inferences; and (5) evaluations are conducted with an appropriate level of independence by experts external to the program either inside or outside an agency. Performance management and program evaluations should be aligned and complementary, where appropriate. Performance management tracks results on an ongoing basis to ensure efficiency. Evaluations

are carried out periodically using rigorous designs and methodologies, particularly to estimate impacts and determine causality.

Evidence. For the purposes of A-11 Part 6, evidence is the available body of facts or information indicating whether a belief or proposition is true or valid. Evidence can be quantitative or qualitative and may come from a variety of sources, including performance measurement, evaluations, statistical series, retrospective reviews, and other data analytics and research. Evidence has varying degrees of credibility, and the strongest evidence generally comes from a portfolio of high-quality evidence rather than a single study.

The credible use of evidence in decision-making requires an understanding of what conclusions can be drawn from the information and, equally important, what conclusions cannot be drawn. For example, multiple rigorous impact and implementation evaluations may provide strong evidence that a particular intervention is effective with a particular population. However, it may be less definitive on how effective that intervention may be in other settings or with other populations. Quasi-experimental evidence from large, diverse samples of administrative data may ease generalizability, but could lack definitive evidence on causality or be silent on important outcomes not captured in the administrative data. Descriptive analyses from Federal statistical series provide context to examine societal and economic trends over time. Qualitative and quantitative implementation studies can complement other evidence by providing insight into how programs and practices can be successfully implemented. Similarly, high-quality performance metrics that are valid, reliable, and strongly correlated with outcomes can be helpful in understanding agency progress in achieving an outcome. Poorly correlated performance information should be interpreted with greater care.

External Factors. Economic, demographic, social, environmental, or other influences that are not of the agency's own making but can affect the goals or outcomes an agency seeks to influence. Some external factors, such as safety practices, can be influenced by agency action, while others are more difficult to affect.

Goal. A statement of the result or achievement toward which effort is directed. Goals can be long or short-term and may be expressed specifically or broadly. Progress against goals should be monitored using a suite of supporting indicators. For the purpose of this guidance, there are Cross-Agency Priority Goals, strategic goals, strategic objectives, Agency Priority Goals and performance goals, all of which have uniquely defined properties.

Goal, Cross-Agency Priority (CAP Goals) (referred to as Federal Priority Goal in GPRA Modernization Act). A statement of the long-term level of desired performance improvement for Government-wide goals set or revised at least every four years. These include outcome-oriented goals that cover a limited number of crosscutting policy areas and management goals addressing financial management, strategic human capital management, information technology management, procurement and acquisition management, and real property management.

Goal, Strategic. A statement of aim or purpose that is included in a Strategic Plan. Strategic goals articulate clear statements of what the agency wants to achieve to advance its mission and address relevant national problems, needs, challenges and opportunities. These outcome-oriented strategic goals and supporting activities should further the agency's mission.

Objective, Strategic. Strategic objectives reflect the outcome or management impact the agency is trying to achieve and generally include the agency's role. Each objective is tracked through a suite of performance goals and other indicators. Strategic objectives and performance goals should facilitate prioritization and assessment for planning, management, reporting, and evaluation purposes. Agencies should use strategic objectives to help decide which indicators are most valuable to provide leading and lagging information, monitor agency operations, show how employees contribute to the organization's mission, determine program evaluations needed, communicate agency progress, and consider the impact of external factors on the agency's progress. The set of all agency strategic objectives together should be comprehensive of all agency activity.

Objectives are usually outcome-oriented; however, management and other objectives may be established to communicate the breadth of agency efforts. For purposes of display on Performance.gov, strategic objectives may be described as:

- *Mission Focused.* A type of strategic objective that expresses more specifically the path an agency plans to follow to achieve or make progress on a single strategic goal.
- *Mission Focused (Crosscutting/Other)*. A type of strategic objective that is not directly tied to a single strategic goal, but may be tied to several or none. In some circumstances agencies perform statutory or crosscutting activities which are not closely tied to a single strategic goal.
- *Management Focused.* A type of strategic objective that communicates improvement priorities for management functions such as strategic human capital management, information technology, or financial stewardship. Often management objectives support more than one strategic goal.

Goal, Agency Priority (APG). A limited number of goals, usually 2–8, identified by CFO Act agencies or as directed by OMB. An APG advances progress toward longer-term, outcome-focused goals in the agency's Strategic Plan, near-term outcomes, improvements in customer responsiveness, or efficiencies. An APG is a near-term result or achievement that leadership wants to accomplish within approximately 24 months that relies predominantly on agency implementation (as opposed to budget or legislative accomplishments). APGs reflect the top near-term performance improvement priorities of agency leadership, not the full scope of the agency mission.

Goal, Performance. A statement of the level of performance to be accomplished within a timeframe, expressed as a tangible, measurable objective or as a quantitative standard, value, or rate. For the purposes of this guidance and implementation of the GPRA Modernization Act, a performance goal includes a performance indicator, a target, and a time period. The GPRA Modernization Act requires performance goals to be expressed in an objective, quantifiable, and measurable form unless agencies in consultation with OMB determine that it is not feasible. In such cases an "alternative form" performance goal may be used. The requirement for OMB approval of an alternative form goal applies to performance goals only. Milestones are often used as the basis of an alternative form performance goal. Performance goals specified in alternative form must be described in a way that makes it possible to discern if progress is being made toward the goal.

<u>Example Performance Goal:</u> Reduce the number of homeless veterans on any given night to 35,000 by June 2012.

- Performance Indicator: Number of homeless veterans on any given night
- Target: 35,000
- Time period: June 2012

<u>Example "Alternative Form" Performance Goal:</u> Obtain an unmodified audit opinion on the agency's financial statements at the by the end of FY 2017.

- Performance Indicator: Audit opinion on the agency financial statements
- Target: Unmodified
- Time period: By the end of FY 2017

Goal Leader. The person designated by the agency head or COO to lead, oversee and be accountable for the implementation of an agency goal. A goal leader will lay out strategies to achieve the goal, manage execution, regularly review performance and make course corrections when needed. The agency's goal leaders should be empowered to coordinate across the agency to improve performance.

Government Corporation. A corporation owned or controlled by the Federal Government, as defined in section 103 of title 5, United States Code.

GPRA. Refers to the Government Performance and Results Act of 1993. Note that the GPRA Modernization Act refers to the update of the law in 2010.

Human Capital Evaluation Framework. Underlies the three human capital evaluation mechanisms (e.g., HRStat, Audits, and Human Capital Strategic Reviews) to create a central evaluation framework that integrates the outcomes from each to provide OPM and agencies with an understanding of how human capital policies and programs are supporting missions. More information can be found at http://www.opm.gov/policy-data-oversight/human-capital-management/.

Indicator. A measurable value that indicates the state or level of something.

<u>Categories of Indicators:</u> For the purposes of this guidance and the Performance.gov data standards, two categories of indicators are distinguished, performance indicators and other indicators.

- 1. **Performance Indicator.** The indicator for a performance goal or within an Agency Priority Goal statement that will be used to track progress toward a goal or target within a timeframe. By definition, the indicators for which agencies set targets with timeframes are performance indicators.
- **2.** *Other Indicator.* Indicators not used in a performance goal or Agency Priority Goal statement but are used to interpret agency progress or identify external factors that might affect that progress. By definition, indicators that do not require targets and timeframes are other indicators.

<u>Types of Indicators</u>: Various types of indicators (e.g. outcome, output, customer service, process, efficiency) may be used as either performance indicators or other indicators. Agencies are encouraged to use outcome indicators as performance indicators where feasible and appropriate. Agencies also are encouraged to consider whether indicators have been validated through research conducted to be well correlated with what they are intended to measure. Some examples of types of indicators in alphabetical order include, but are not limited to:

- *Indicator, Contextual.* Data that provides situational information for the purpose of understanding trends or other information related to a goal or a program. Examples could include data about warning signals, unwanted side effects, external factors the government can influence, or external factors where the government may have a limited effect.
- *Indicator, Customer Service.* A type of measure that indicates or informs the improvement of government's interaction with those it serves or regulates.
- *Indicator, Efficiency.* A type of measure, specifically, a ratio of program activity inputs (such as costs or hours worked by employees) to its outputs or outcomes. Efficiency indicators reflect the resources used to achieve outcomes or produce outputs. Measuring the cost per unit of outcome or output tends to be most useful for similar, repeated practices. In other circumstances, it tends to be more useful to find effective practices and then look for lower cost ways of delivering them.
- *Indicator, Input.* A type of measure that indicates the consumption of resources, especially time and/or money, used.
- *Indicator, Intermediate Outcome.* A type of measure that indicates progress against an intermediate outcome that contributes to an ultimate outcome, such as the percentage of schools adopting effective literacy programs, compliance levels, or the rate of adoption of safety practices. Intermediate outcome indicators are especially helpful if they are based on strong theory and have been validated through research to have a strong positive correlation with the ultimate outcome desired.
- *Indicator, Process.* A type of measure that indicates how well a procedure, process or operation is working, (e.g., timeliness, accuracy, fidelity or completeness).

- *Indicator, Outcome.* A type of measure that indicates progress against achieving the intended result of a program. Indicates changes in conditions that the government is trying to influence.
- *Indicator, Output.* A type of measure, specifically the tabulation, calculation, or recording of activity or effort, usually expressed quantitatively. Outputs describe the level of product or activity that will be provided over a period of time. While output indicators can be useful, there must be a reasonable connection, and preferably a strong positive correlation, between outputs used as performance indicators and outcomes. Agencies should select output indicators based on evidence supporting the relationship between outputs and outcomes, or in the absence of available evidence, based on a clearly established argument for the logic of the relationship.

Inherently Governmental. An inherently governmental function, as defined in section 5 of the Federal Activities Inventory Reform Act, Public Law 105–270, means a function that is so intimately related to the public interest as to require performance by Federal Government employees. Additional guidance is available at Performance of Inherently Governmental and Critical Functions. The application of the term inherently governmental for functions described in the legislation does not change from the 1993 GPRA legislation to the 2010 GPRA Modernization Act. The preparation of agency Strategic Plans, Annual Performance Plans, and Annual Performance Reports is considered an inherently governmental function. COOs, PIOs, and Deputy PIOs must be Government employees, but contractors may provide support to these officials in executing their functions.

Intended Use. The concept implied by 'intended use' of data in the GPRA Modernization Act allows agencies to set expectations for data accuracy levels appropriate to the specific purpose for which the information will be used. Agencies should consider the intended use of data, and potential value of reusing the data for statistical purposes, to determine the level of accuracy needed and to manage data collection costs. Agencies can calibrate the accuracy of the data to the intended use of the data and the cost of improving data quality. At the same time, agencies should consider how data limitations can lead to inaccurate performance assessments. Examples of data limitations include 1) imprecise measurement and recordings, 2) incomplete data, 3) inconsistencies in data collection procedures and 4) data that are too infrequently collected to allow for adjustments of agency action in an effective way. The 'intended use' of evidence concept implies that high-stakes decisions should be based on a preponderance of evidence developed using sound methods when feasible. For example, when making a decision about approving a drug, the agency will need a high level of credibility and precision in the portfolio of evidence on which they are basing the decision. This may require multiple randomized controlled trials assessing the effectiveness and safety of the drug within the portfolio of evidence. However, decisions about how to improve the outreach of a given program may not require the same level of precision or as large of a portfolio of evidence.

Machine Readable Format. Format in a standard computer language (not English text) that can be read automatically by a web browser or computer system. (e.g., xml). Traditional word processing documents, hypertext markup language (HTML) and portable document format (PDF) files are easily read by humans but typically are difficult for machines to interpret. Other formats such as extensible markup language (XML), (JSON), or spreadsheets with header columns that can be exported as comma separated values (CSV) are machine readable formats. It is possible to make traditional word processing documents and other formats machine readable but the documents must include enhanced structural elements.

Management Function. Describes offices or activities within agencies that support the agency divisions delivering programs that more directly advance mission. These functions tend to be common across agencies (e.g., financial, human capital, acquisition, information technology, performance management, risk management, legal, communication, intergovernmental).

Major Management Challenge. Programmatic or management functions, within or across agencies, that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues the Government Accountability Office identifies as high risk or issues that an Inspector General identifies) where a failure

to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals.

Measure. See indicator.

Milestone. A scheduled event signifying the completion of a major deliverable or a phase of work.

Objective. See goal.

Output. Quantity of products or services delivered by a program, such as the number of inspections completed or the number of people trained.

Outcome. The desired results of a program. For example, an outcome of a nation-wide program aimed to prevent the transmission of HIV infection might be a lower rate of new HIV infections in the U.S. Agencies are strongly encouraged to set outcome-focused performance goals to ensure they apply the full range of tools at their disposal to improve outcomes and find lower cost ways to deliver. However, there are circumstances where the effects of a program on final outcomes are so small and confounded with other factors that it may be more appropriate to base performance goals on indicators or intermediate outcomes. Ideally, those indicators and intermediate outcomes should have strong theoretical and empirical ties to final outcomes.

Performance and Accountability Report (PAR). A combined annual report of agency performance Annual Performance Report (APR) and financial position Agency Financial Report (AFR). The report contains the agency's audited financial statements and information on efforts to achieve goals during the past fiscal year. The AFR, combined with an APR, serves as an option to reporting the agency's end of fiscal year status through a consolidated Performance and Accountability Report. (See section 260 on Annual Performance Reporting).

Performance Improvement Council (PIC). The PIC consists of Performance Improvement Officers from the 24 CFO Act agencies and other agencies and is chaired by the Chief Performance Officer and Deputy Director for Management at OMB or the Associate Director for Performance and Personnel Management as the designee. The purpose of the Council is to develop recommendations relating to performance management policies, requirements, and criteria for analysis of program performance. In addition, the Council is responsible for facilitating the exchange of performance management information among agencies to accelerate improvements in program performance. The Council also coordinates and monitors continuous reviews of the performance and management of Federal programs.

Performance Management. Use of goals, measurement, evaluation, analysis, and data-driven reviews to improve results of programs and the effectiveness and efficiency of agency operations. Performance management activities often consist of planning, goal setting, measuring, analyzing, reviewing, identifying performance improvement actions, reporting, implementing, and evaluating. The primary purpose of performance management is to improve performance and then to find lower cost ways to deliver effective programs.

Performance.gov. Web-based system that includes performance information about the Executive Branch, and is the Government-wide performance website required under the GPRA Modernization Act of 2010. The site encompasses the Federal Performance Plan and is being developed to include more agency-specific detail in accordance with the GPRA Modernization Act.

Program. Generally, an organized set of activities directed toward a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities. Within this broad definition, agencies and their stakeholders currently use the term "program" in different ways. Agencies have widely varying missions and achieve these missions through different programmatic approaches, so differences in the use of the term "program" are legitimate and meaningful. For this reason, OMB does not prescribe a superseding definition of "program"; rather, consistent with the GPRA Modernization Act, agencies may

identify programs consistent with the manner in which the agency uses programs to interact with key stakeholders and to execute its mission. (See section 280 on Federal Program Inventory.)

Program Activity. Activities or projects listed in the program and financing schedules of the annual budget of the United States Government. For the purpose of preparing an Annual Performance Plan, an agency may aggregate, disaggregate, or consolidate program activities, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

Program Evaluation. See Evaluation.

Reasonable Administrative Burden. The concept of reasonable administrative burden is related to decisions about the frequency and granularity of reporting performance in the GPRA Modernization Act. It refers to considering the cost compared to the benefit of reporting information more frequently or at a more disaggregated level. Because it is not uncommon for more frequent or more granular data to have a higher benefit yet also a higher cost, agencies should increase the frequency and granularity of their performance reporting when the expected value justifies the estimated cost.

Regulatory Review. The process by which agencies identify and review existing regulations in order to eliminate those that are obsolete, unnecessary, burdensome, or counterproductive or to modify others to increase their effectiveness, efficiency, and flexibility. Executive Order 13563 calls for periodic review of existing significant regulations, with close reference to empirical evidence. Such reviews may be incorporated into the annual strategic review of objectives, as appropriate. Retrospective analyses conducted, including supporting data, should be released online wherever possible. Consistent with the commitment to periodic review and to public participation, agencies should continue to assess its existing regulations to the extent that review findings specify that a particular regulation, or its language, is impeding progress of achieving the strategic objective.

Risk Management. Coordinated activities to direct and control challenges or threats to achieving an organization's goals and objectives. A risk management process is a systematic application of management policies, procedures and practices to the activities of communicating, consulting, establishing the context, and identifying, analyzing, evaluating, treating, monitoring and reviewing risk. (See also "Enterprise Risk Management")

Statistical Purposes. Statistical purposes refers to the description, estimation, or analysis of the characteristics of groups, without identifying the individuals or specific organizations involved (e.g., a firm or company). In other words, it refers to the use of data to better understand the characteristics, behavior, or needs of groups of individuals or communities. Statistical purposes exclude uses that affect the rights, benefits, or privileges of individuals. One of the defining characteristics of statistical use is that data about an individual are never made public, and are never used to make decisions about that individual. But statistical purposes include a wide range of analytic uses, where only aggregated and de-identified data are made public. For example, statistical use encompasses both traditional program evaluations and the newer "rapid-cycle" experimentation and other data analytics techniques increasingly employed by innovative private-sector firms. It also encompasses transparency and accountability efforts, such as scorecards, that provide Federal agencies, State and local governments, and the public with information on the relative performance of different hospitals, training programs, or other service providers. And it encompasses efforts to quantify how housing, health care, education, or other needs vary across communities, as well as other analysis of patterns and trends for groups of individuals.

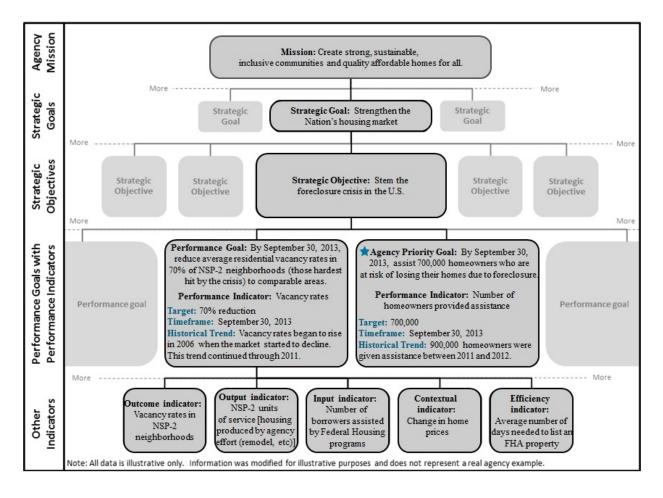
Strategic Plan. The Strategic Plan presents the long-term objectives an agency hopes to accomplish, set at the beginning of each new term of an Administration. It describes general and longer-term goals the agency aims to achieve, what actions the agency will take to realize those goals and how the agency will deal with the challenges likely to be barriers to achieving the desired result. An agency's Strategic Plan should provide the context for decisions about performance goals, priorities, and budget planning, and should

provide the framework for the detail provided in agency annual plans and reports. (See section <u>230</u> on strategic planning.)

Strategic Review. An agency's management process (or set of processes) that synthesizes available performance information and other evidence, including evaluations, to assess progress on its strategic objectives, in consultation with OMB. (See section <u>270</u> on strategic reviews.)

Target. Quantifiable or otherwise measurable characteristic typically expressed as a number that tells how well or at what level an agency or one of its components aspires to perform. In setting and communicating targets, where available, agencies should include the baseline value from which the target change is calculated.

200.22 Example Illustration of Goal Relationships



200.23 Performance Timeline

The FYs 2018 and 2019 President's Budget Performance Timeline below provides a summary of submission requirements related to performance planning and reporting within OMB Circular A–11 Part 6. For more general information on the "MAX" Federal Community please visit https://max.omb.gov/maxportal/. The specific performance portal links are included in the table for those members of the MAX community. Note that draft content for review, before it is published on Performance.gov, is submitted to the data entry tool called "PREP," the Performance Reporting and Entry Portal. While the following table below provides general timelines for updates to Performance.gov, more

details on exact data standards will continue to be available in A-11 Section <u>210</u> and on MAX at https://max.omb.gov/community/x/oCFfJw.

Date	Section of A-11 Part 6	Description	Location
August 12, 2016	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q3 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
September 15, 2016	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q3 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov
October 31, 2016	Annual Performance Reporting (260) See OMB Circular A-136	Agency submits draft FY 2016 Agency Financial Report or Performance and Accountability Report for final OMB clearance	MAX
November 14, 2016	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q4 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
November 15, 2016	Annual Performance Reporting (260) See OMB Circular A-136	Publish FY 2016 Agency Financial Report or Performance and Accountability Report	Agency website
December 15, 2016	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q4 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov
February 10, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q1 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
March 16, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q1 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov
March - May, 2017^ (approximate timeframe)	Annual Performance Planning (240) Annual Performance Reporting (260)	Agency develops, submits for review, and publishes concurrent with final FY 2018 congressional budget justifications: -FY 2018 Annual Performance Plan -FY 2016 Annual Performance Report	PREP & MAX

Date	Section of A-11 Part 6	Description	Location
May 12, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q2 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
June 2, 2017	Performance.gov (210) Strategic Planning (230) Agency Priority Goals (250) Performance and Strategic Reviews (270)	Agency submits for OMB review: -Strategic Objective Summary of Findings resulting from 2017 Strategic Reviews -initial draft FYs 2018-2022 Strategic Plan -draft FY 2018-2019 Agency Priority Goal areas	PREP & MAX
June 15, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q2 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov
August 11, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q3 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
September 2017 (concurrent with Budget submission)	Performance.gov (210) Annual Performance Planning (240) Agency Priority Goals (250) Annual Performance Reporting (260) Performance and Strategic Reviews (270)	Agency submits for OMB review: -full draft FYs 2018-2022 Strategic Plan -draft FY 2019 Annual Performance Plan -draft summary Progress Update for each Strategic Objective (the draft component of the FY 2017 Annual Performance Report) -draft full action plans for FY 2018-2019 APGs	PREP & MAX
September 2017 (concurrent with Budget submission)	Annual Performance Planning (240)	Agency submits draft Lower-Priority Programs for FY 2019 Budget	MAX
September 2017 (concurrent with Budget submission)	Elimination of Unnecessary Plans and Reports (290)	Draft list of Unnecessary Plans and Reports (i.e., Burden Reduction) that the agency would like to propose to Congress for modification	MAX
September 14, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q3 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov

Date	Section of A-11 Part 6	Description	Location
October 31, 2017	Annual Performance Reporting (260) See OMB Circular A-136	Agency submits draft FY 2017 Agency Financial Report or Performance and Accountability Report for final OMB clearance	MAX
November 15, 2017	Annual Performance Reporting (260) See OMB Circular A-136	Publish FY 2017 Agency Financial Report or Performance and Accountability Report	Agency website
November 13, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q4 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals for OMB review	PREP
December 14, 2017*	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q4 Quarterly Performance Update for FY2016-2017 APGs and CAP Goals	Performance.gov
December 22, 2017	Performance.gov (210) Strategic Planning (230)	For OMB clearance, agency submits final draft FYs 2018-2022 Strategic Plan	PREP & MAX
January 12, 2018	Performance.gov (210) Annual Performance Planning (240) Agency Priority Goals (250) Annual Performance Reporting (260) Performance and Strategic Reviews (270)	For final OMB clearance, agency submits revised: -FY 2019 Annual Performance Plan -FY 2017 Annual Performance Report -FY 2018-2019 APGs action plans and Q1 Quarterly Performance Update	PREP & MAX
February, 2018 (concurrent with Budget publication)	Performance.gov (210) Strategic Planning (230) Annual Performance Planning (240) Agency Priority Goals (250) Annual Performance Reporting (260) Performance and Strategic Reviews (270)	Publish: -FYs 2018-2022 Agency Strategic Plan -FY 2019 Annual Performance Plan -FY 2017 Annual Performance Report -FY 2018-2019 APGs full action plans and Q1 Quarterly Performance Update	Agency website & Performance.gov
February, 2018 (concurrent with Budget publication)	Elimination of Unnecessary Plans and Reports (290)	Publish lists of outdated and duplicative reports (i.e., Burden Reduction)	Performance.gov
February, 2018 (concurrent with Budget publication)	Performance.gov (210) Annual Performance Planning (240)	Publish President's Budget volume containing lower-priority program activities	OMB website

Date	Section of A-11 Part 6	Description	Location
March 9, 2018	Performance.gov (210) Performance and Strategic Reviews (270)	Publish Progress Update and final PDFs for each Strategic Objective	Performance.gov
May 11, 2018	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Agency submits draft Q2 Quarterly Performance Update for FY2018-2019 APGs and CAP Goals for OMB review	PREP
May 15, 2018	Performance and Strategic Reviews (270) OMB Circular A-123	Strategic Objective Summary of Findings resulting from 2018 Strategic Review	MAX
June 14, 2018	Performance.gov (210) Cross-Agency Priority Goals (220) Agency Priority Goals (250)	Publish Q2 Quarterly Performance Update for FY2018-2019 APGs and CAP Goals	Performance.gov

^{*} Subject to revision; however, agencies should plan on meeting these reporting requirements unless otherwise informed by OMB.

 $^{^{\}wedge}$ This is an approximate timeframe for submission and publication of Agency's FY 2018 Annual Performance Plan and FY 2016 Annual Performance Report. OMB will provide additional guidance to agencies during transition. See sections $\underline{240}$ and $\underline{260}$.

SECTION 210—PERFORMANCE.GOV AND PUBLIC REPORTING

Table of Contents 210.1 To which agencies does this section apply? 210.2 What is the purpose of this section? 210.3 What is the purpose of Performance.gov? 210.4 What information will be included on Performance.gov? How are agency-specific plans and reports made available to the public on the agency's 210.5 website? 210.6 How does the Open Government Directive relate to reporting on agency performance? 210.7 When will Performance.gov updates be published this year? 210.8 If the agency was not required to set Agency Priority Goals (APGs), what will the agency publish this year on Performance.gov? 210.9 May agencies publish their performance plans and reports in print? Will agencies be required to update performance information on Performance.gov more 210.10 frequently than annually? Content for Strategic Plans, Annual Performance Plans, Annual Performance Reports 210.11

Summary of Changes

Updates implementation of the GPRA Modernization Act requirement for agencies to maintain performance information on a central website <u>Performance.gov</u> in machine-readable format instead of printing agency-specific Strategic Plans, Annual Performance Plans and Annual Performance Reports.

Updates incorporation of reporting agency major management challenges into agency-specific Annual Performance Plans.

210.1 To which agencies does this section apply?

This section applies to all agencies, as defined in the GPRA Modernization Act. This fiscal year:

- Agencies that were required to identify Agency Priority Goals (large agencies) will develop performance information for Performance.gov this year, and must follow all sections of this guidance, *except* section <u>210.8</u>.
- All other agencies (small agencies) subject to the GPRA Modernization Act that were *not* required to establish Agency Priority Goals are required to follow all sections *except* 210.4, and 210.5.

210.2 What is the purpose of this section?

This section provides information on publishing performance information through a central website, as required by the GPRA Modernization Act. The GPRA Modernization Act requires:

- Availability of an agency Strategic Plan, Annual Performance Plan, and performance updates through a central, Government-wide website.
- Quarterly updates via a central, Government-wide website on Agency Priority Goals and Cross-Agency Priority Goals.

Availability of information on each program identified by agencies on a central website.

OMB's approach to managing Performance.gov:

- allows agencies to focus limited resources on the implementation of strategic plans and strategic reviews:
- maintains effective, efficient, and transparent ways to report agency performance information;
- maintains cross-agency collaboration via the Performance Management Line of Business (PMLOB) with the General Services Administration.

210.3 What is the purpose of Performance.gov?

Performance.gov is a website that serves as the public window to the Federal Government's goals and performance in key areas of focus. Performance.gov is the performance website required under the GPRA Modernization Act.

A centralized website makes information about Federal cross-agency and agency-specific goals and performance easier for the public, Congress, delivery partners, agency employees, and other stakeholders to find. It also supports coordination and decision-making to advance shared goals. Through the central website, agencies also publish other required agency information, such as program information, within the Federal context of agency missions, goals, and performance.

210.4 What information is included on Performance.gov?

Pursuant to the GPRA Modernization Act, Performance.gov includes information on the Cross-Agency Priority Goals, Agency Priority Goals, Federal Program Inventory, agency Strategic Plans, Annual Performance Plans and Annual Performance Reports. The content table in this section (below) identifies the specific content required for Performance.gov.

210.5 How are agency-specific plans and reports made available to the public on the agency's website?

To enhance transparency of performance data, agencies should make information, including prior plans and reports, as easy as possible to locate from the agency homepage on Performance.gov. Agencies will provide a hyperlink on Performance.gov to the agency's web page where the agency has published current and past performance plans and reports. Agencies will also create a prominent link directly to this page from the agency homepage.

Agencies may also want to create links from this page to other planning and performance reporting documents, such as the workforce plans, information resources management plans, Agency Financial Reports or Performance and Accountability Reports, Congressional Budget Justifications, and other acquisition or capital asset management plans where those other documents are publicly available and relevant to performance on strategic objectives. Agency performance planning and reporting documents available on the agency website should be consistent with Administration policies and not include predecisional information.

210.6 How does the Open Government Directive relate to reporting on agency performance?

When developing performance information for publication, agencies should apply the three principles identified in the <u>Open Government Directive</u>: transparency, participation, and collaboration. To promote these three principles, agencies shall respect the presumption of openness by publishing information online,

consistent with the Federal Records Act, privacy and security restrictions, and other applicable law and policy. Agencies should establish communications strategies consistent with the Open Government Directive that will engage the public and various stakeholders, including employees, either through websites, social media, or other collaborative efforts, taking care to do so at a reasonable administrative burden. It is important that agencies communicate relevant, reliable, and timely performance information within and outside their organizations to improve performance outcomes and operational efficiency. Consistent with the Open Government Directive and the Open Data Executive Order, information published through Performance.gov will be made available to the public in a machine-readable format.

210.7 When will Performance.gov updates be published this year?

Reference the timeline with approximate publication updates in section 200.

210.8 If the agency was not required to set Agency Priority Goals (APGs), what will the agency publish this year on Performance.gov?

Small agencies should produce their Strategic Plans, Annual Performance Plans, and Annual Performance Reports in PDF format using their existing processes and publication procedures. These agencies will include a link to the agency's plans and reports on Performance.gov by e-mailing PREPSupport@gsa.gov or performance@omb.eop.gov.

210.9 May agencies publish their performance plans and reports in print?

Agencies should not incur expenses for the printing of the agency Strategic Plan, Annual Performance Plan or Annual Performance Report for release external to the agency, except when providing such documents to Congress, if Congress specifically requests a printed report. In these cases, agencies are encouraged to consider printing a copy of the electronically-published plan or report, rather than creating a special, professionally bound version which can be more expensive. Each agency will publish agency-specific plans and reports electronically on the agency's website and must ensure the content is consistent with information published on Performance.gov.

However, an agency may use performance information from the Strategic Plan, Annual Performance Plans or Annual Performance Reports to develop printed material about the agency for stakeholders or delivery partners if there is a mission-advancing reason to do so and where the estimated benefits of such publication outweigh the estimated cost. Agencies are strongly encouraged to develop such materials electronically instead of printing when electronic distribution is possible and should develop printed materials only for targeted use.

210.10 Will agencies be required to update performance information on Performance.gov more frequently than annually?

Agencies that have established Agency Priority Goals for Performance.gov will continue to update information on the FY 2016-2017 APGs on a quarterly basis on Performance.gov until the end of FY 2017, when they will be archived. For any agency with lagging data related to APGs, the archived goals will remain open until such time that lagging data are available and updated. For the final quarterly update, agencies will follow the usual quarterly updating process and include an overall assessment of goal progress relative to the goal's impact statement. This summary of performance will help the public, delivery partners, and other stakeholders understand performance achievements in accordance with the goal target(s).

Agencies that contribute to the accomplishment of a Cross-Agency Priority Goal will also report more frequently than annually, as coordinated by the Goal Leader, the Performance Improvement Council, and OMB.

Otherwise, agencies are not required to update performance goal information on Performance.gov more frequently than annually. If the agency wishes to update information on Performance.gov more frequently than annually, the agency will do so in consultation with OMB. As the capacity of Performance.gov expands in the future, agencies will be encouraged to provide more frequent updates on actual performance if doing so can be done within a reasonable level of administrative burden.

210.11 Content for Strategic Plans, Annual Performance Plans, Annual Performance Reports

Below is a table that establishes the detailed content that agencies must address in agency Strategic Plans (SP), Annual Performance Plans (APP), Annual Performance Reports (APR) and Quarterly Performance Updates (QPU). Note that QPUs are focused on information related to Agency Priority Goals and Cross-Agency Priority Goals which will be published on Performance.gov through its data entry tool "PREP," the Performance Reporting Entry Portal. While the following content table below provides general guidance for updates on Performance.gov, more details on exact data standards for Performance.gov will continue to be available on MAX at https://max.omb.gov/community/x/oCFfJw.

Agencies are responsible for ensuring performance plans and reports posted to the agency website and Performance.gov are 508 compliant. For more information see http://www.section508.gov/.

Section Heading	Agency Plan or Report?
1. Agency and Mission Information	SP/APP/APR
2. Cross-Agency Priority Goals	SP/APP/QPU
3. Strategic Goals	SP/APP/APR
4. Strategic Objectives	SP/APP/APR
5. Agency Priority Goals	SP/APP/APR/QPU
6. Performance Goals	SP/APP/APR
7. Other Indicators	APP/APR
8. Other Information (evaluations, hyperlinks, data quality, etc)	SP/APP/APR

Content	Plan/ Report	Performance.gov	
	Topolo ((PDF)
1.0 Agency and Mission Information			
1.1 Overview. High level summary of the agency, which may include a description of core functions, organizational size, and key legislative authorities or initiatives. In order to illustrate the organization's scope of responsibilities, the agency may include key data and narrative describing the number and kinds of people or businesses served, locations or characteristics of operation, and problems and opportunities addressed.	SP/APP/APR	Yes	No

Content	Plan/ Report	Performance.gov	
	перы	(PREP)	(PDF)
1.2 Mission Statement. The mission statement should be a brief, easy-to-understand narrative, usually no more than a sentence long. It defines the basic purpose of the agency and is consistent with the agency's core programs and activities expressed within the broad context of national problems, needs, or challenges. Mission statements enable the employees of an agency to see how their work contributes to the broader mission. Some agencies may also choose to include the mission statements of their major bureaus or components.	SP/APP/APR	Yes	No
1.3 Vision and Values. Some agencies opt to include vision or values statements. The vision statement expresses what the organization wants to become or how it wants the world to be in the future. The values statement(s) articulate the beliefs that undergird the organization's culture or framework for decision-making. On Performance.gov, the vision and values may be included in the overview section.	Optional	Optional	No
1.4 Organizational Structure. Include information about the structure of the agency such as an organization chart that shows the agency components, bureaus or offices and how they are related. Agencies may choose to discuss any intraagency efforts to work across organizations or programs in this section as well.	APP/APR	No	No
1.5 Stakeholder Engagement. Summarize the agency's outreach strategy to its various stakeholders, including any relevant congressional engagement. The agency should also include a description of how the agency incorporates views obtained through congressional consultations into its Strategic Plan or Agency Priority Goals. Where appropriate, the agency should describe goal-specific input from congressional consultation and how it was incorporated in this section of the Strategic Plan and/or the "Overview" section for the Agency Priority Goals.	SP	Yes	No
2.0 Cross-Agency Priority Goals			
2.1 Cross-Agency Priority Goals. An agency that contributes to Cross-Agency Priority Goals must address this responsibility in the agency's plans and reports by including a list of Cross Agency Priority Goals to which the agency contributes and explaining the agency's contribution to the CAP goals. (See 8.1 Major Management Priorities and Challenges for details.) The management section may be used to direct the reader to the section of the APP/APR which addresses CAP Goals.	SP/APP/ APR	No	No
In addition, the SP/APP/APR should direct the public to Performance.gov. To do so, agencies should include the following language: "Per the GPRA Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report please refer to www.Performance.gov for the agency's contributions to those goals and progress, where applicable. The [Department or agency] currently contributes to the following CAP Goals: [add list here]." The Goal Leader, the PIC and OMB will coordinate quarterly updates to the website which will reflect the overall action plan and will describe how the agency's goals and objectives contribute to the Cross-Agency Priority Goal.			

Content	Plan/ Report	Perform	ance.gov
		(PREP)	(PDF)
2.2 Progress Updates for Cross-Agency Priority Goals. Agencies that contribute to Cross-Agency Priority Goals will continue to provide their information directly to Goal Leaders, OMB, corresponding government-wide (CXO) council, and PIC upon request in order to provide data for the purpose of updating Performance.gov.	No	No	No
3.0 Strategic Goals			
 3.1 Strategic Goals. Each agency must establish general, outcome-oriented, long-term goals for the major functions and operations of the agency. The strategic goal should address the broader impact that is desired by the organization. SP—identify the strategic goals. 	SP/APP/APR	Yes	Optional
APP—include the strategic goals to frame the discussion of plans related to the strategic objectives, performance goals, APGs and other indicators.			
 APR—include the strategic goals to provide context for the prior year's progress made on strategic objectives, performance goals, APGs and other indicators. 			
3.2 Strategic Goal Overview. In identifying each strategic goal, the agency should briefly describe the following in a level of detail appropriate for a long-term plan:	SP	Yes	No
• The opportunity or problem being addressed by the strategic goal. This brief explanation could include demographic, geographic information, risks or other characteristics that inform priority setting and identification of causal factors (e.g., weather) that influence outcomes.			
 Why the goals were selected including relevant background on the underlying reason for choosing each strategic goal, such as the problems necessitating the goal, opportunities being pursued, legislative mandates, and Presidential directives. 			
4.0 Strategic Objectives (includes mission, management, crosscutting and other objectives. See sections 200 and 230 for definitions.)			
4.1 Strategic Objective. Strategic objectives reflect the outcome or management impact the agency is trying to achieve and generally include the agency's role. Objectives are tied to a set of performance goals and indicators established to help the agency monitor and understand progress. Strategic objectives serve as the primary unit of analysis for agency and OMB assessment of how the agency is achieving its mission. Strategic objectives can support the agency in managing across goals contributing to common outcomes.	SP/APP/APR	Yes	Yes

Content	Plan/ Report	Perform	ance.gov
		(PREP)	(PDF)
 4.2 Strategic Objective Overview. In discussing each strategic objective, the agency should briefly describe the following in a level of detail appropriate for the long-term plan: The opportunity or problem being addressed by the strategic objective and characteristics of the problem or opportunity, such as size and location. Why the objective was selected. 	SP	Yes	Optional
	CD 1 1 DD	N	
 4.3 Strategies for Objectives. SP— Describe the agency strategies planned to make progress on strategic objectives, such as analysis of outliers, promising practices, and process improvement reforms. Strategies should include operational processes, human capital, training, skills, technology, information, and other resources that are critical to mission delivery. An agency should identify key external factors, including risks that could significantly affect the achievement of its objectives, distinguishing those beyond its control and those it seeks to influence. 	SP and APP	No	Yes
APP— Identify how the agency will track progress on each objective using performance and other indicators. Identify external factors that may have influenced the agency's progress on objectives in the past fiscal year. As new strategies are established in the annual performance plan, the agency should consider external factors.			
4.4 Contributing Programs for Strategic Objectives. Using the published Federal Program Inventory as a starting point, identify the programs that contribute to each strategic objective. Also as appropriate, identify the organizations, regulations, tax expenditures, program activities, policies, and other activities that contribute to each objective, both within and external to the agency.	SP	Yes	Optional
4.5 Progress Update for Strategic Objectives. Each agency must include a brief description of achievements during the last fiscal year on the strategic objective indicating where progress was made and where it was not, with an explanation of what worked and what did not. Challenges encountered during the last year should be described. An identification of the agency's progress as either noteworthy or requiring focused improvement must be included in the narrative, with further explanation for the reasons for the characterization of progress. (See section 270 for details on characterizing progress and required language.) An agency may summarize progress made on performance goals or other indicators, but need not discuss each of them. An agency may also discuss trends, causal factors, promising practices, and findings from evaluations or independent assessments. To keep the progress update brief, the agency should use hyperlinks or citations to supporting evidence, instead of including all the detail within the progress update.	APR	Yes	Optional

Content	Plan/ Report	Performance.gov	
		(PREP)	(PDF)
4.6 Next Steps for Strategic Objectives. Each agency will summarize plans to make progress on strategic objectives for the next year, including prospects and strategies for performance improvement, and must include key milestones with planned completion dates. If a finding in the strategic reviews notes there is not enough evidence, describe evaluations or other studies planned as appropriate. Where possible the agency may describe plans to continue or expand what is working, develop or experiment to find promising practices, test the most promising practices to see if they can be replicated and validated, find or develop increasingly effective and cost-effective approaches, identify causal factors the Government can influence, and facilitate learning across delivery units.	APP	No	Yes
4.7 Goal Leaders for Strategic Objectives. Identify the agency official's title and the organization responsible for the achievement of each strategic objective.	APP	Yes (Lead Office only)	Optional
5.0 Agency Priority Goals (APG)			
 5.1 APG Statement. Each agency must identify which performance goals are Agency Priority Goals, if applicable. SP—agencies required to set APGs should reflect the relationship to the strategic objectives identified in the agency strategic plan and published on Performance.gov. APP—include the FY 2016-FY 2017 statement as published on Performance.gov. APR—include the FY 2016-2017 goal statements as published on Performance.gov 	SP/APP/ APR	Yes	Yes
5.2 APG Overview. Includes the problem opportunity being addressed by the APG, relationship to agency strategic goals and objectives, key barriers and challenges. An agency should highlight congressional input, if such input was relevant to setting a specific goal where appropriate.	Optional for APP/APR	Yes	Optional
5.3 APG Strategies. Each agency will summarize the APG Action Plan's implementation strategy. As new strategies are established, the agency should take into consideration external factors it can influence and those it cannot. An agency should identify key factors external to the agency that significantly affect the achievement of its Agency Priority Goal, including those beyond its control.	Optional for APP	Yes	No
5.4 APG Indicators. Each APG is tracked through a suite of performance goals and other indicators. An agency should publish targets and actual results for each reporting period.	Optional for APP/APR	Yes (QPU)	Optional
5.5 APG Progress Update. Each agency will include a brief explanation of achievements during the last quarter on Performance.gov (or, for the last quarter of the year, a summary of accomplishments over the last fiscal year), as well as an identification of significant challenges if any impeded progress on the APG. Because of their ambitious nature, all APGs face some risks with regard to the stretch targets set; therefore, agencies should include a description of significant risks of not achieving the planned level of performance, as appropriate.	APR	Yes (QPU)	Optional

Content	Plan/ Report	Performance.gov	
		(PREP)	(PDF)
5.6 APG Next Steps. Each agency will summarize how it plans to improve progress, including prospects and strategies for performance improvement, and will include key milestones with planned completion dates for the remainder of the goal period.	Optional for APP	Yes (QPU)	No
5.7 APG Contributing Programs. Using the published Federal Program Inventory as a starting point, identify the programs that contribute to each Agency Priority Goal. Also as appropriate identify the organizations, regulations, tax expenditures, program activities, policies, and other activities that contribute to each Agency Priority Goal, both within and external to the agency.	Optional for APP	Yes	No
5.8 APG Goal Leaders. Identify the title, organization and name of the agency official who is responsible for the achievement of each APG.	Optional for APP	Yes	No
6.0 Performance Goals			
 SP—For each strategic objective included in the Strategic Plan, the agency will identify a limited number of examples of long-term performance goals. Details on long-term and annual performance goals need not be provided in the strategic plan, but instead should be included in the Annual Performance Plan and Annual Performance Report. APP—The agency must establish performance goals, aligned to the agency's objectives from the strategic plan, that contain a performance indicator, target and timeframe to define the level of performance to be achieved during the year in which the performance plan is submitted and the next fiscal year. Agencies should highlight if a performance goal addresses an agency major management challenge. APR—The agency reports on progress made on performance goals. 	SP/APP/APR	Subset related to APGs	Yes
 6.2 Actual Results. For all performance goals, performance indicators should compare actual performance with target levels of performance at least for the prior year and clarify if the target was met or not. For performance goals specified in an alternative form, the results will be described in relation to such specifications. APP—the agency displays actual data for every performance indicator for the past year and two additional preceding years where available. More historical trends may be included as needed. APR—the agency displays actual results for performance indicators for at least the five preceding fiscal years, if available. Where useful, present trend data from its earliest point available even if the agency is publishing the performance indicator for the first time. It can, for example, be illuminating to show long-term trends, starting before a preventative government action was started, if the problem being addressed has since greatly diminished. Agencies do not need to present historic targets. 	APP/APR	Subset related to APGs (QPU)	Yes

Content	Plan/ Report	Performance.gov	
		(PREP)	(PDF)
6.3 Performance Targets. For each performance goal, the agency should establish targets for the current and upcoming fiscal year.	APP	Subset related to APGs. Include targets for each reporting period (QPU)	Yes
6.4 Performance Information Gaps. Identify where actual information for performance goals is missing, incomplete, preliminary, or estimated. Indicate the date when the actual information will be available.	APR	Subset related to APGs	Optional
6.5 Performance Goal Progress Update. Each agency will briefly explain the causes of variance or change in trends for the performance indicators, as well as whether or not the target was met. The agency may identify successful or promising practices relative to agency performance goals. The agency may describe where mid-year budget changes or delayed appropriations affected the agency's targets or achievement of targets previously established for the full performance year. Where the agency is not making sufficient progress in meeting a performance goal, the agency will briefly address future improvement including why the performance goal was not met and plans for achieving it. If the performance goal is determined to be impractical or infeasible the agency should address in the explanation and plan why that is the case and what action is recommended.	APR	Subset related to APGs (QPU)	Yes
6.6 Changed Performance Goals. Identify performance goals changed or dropped since publication of the Annual Performance Plan, if such changes were approved by OMB, and the reasons for the changes.	APR	Subset related to APGs	Optional
7.0 Other Indicators			
7.1 Other Indicators. Other indicators that do not have targets may, and in some cases, must be established to help explain agency performance. The agency should identify the indicator and explain why it is being used.	APP/APR	Subset related to APGs	Yes
 7.2 Other Indicator Actuals. APP—the agency displays actual data for every indicator for the past year and two additional preceding years where available. APR—the agency displays actual results for at least the five preceding fiscal years, if available, and explains key results. 	APP/APR	Subset related to APGs (QPU)	Yes
7.3 Other Indicator Information Gaps. Identify where actual information is missing, incomplete, preliminary, or estimated. Indicate the date when the actual information will be available.	APP/APR	Subset related to APGs	Optional
8.0 Other Information			
8.1 Major Management Priorities and Challenges. A summary section should describe or cross-reference the agency's efforts to deliver greater impact through innovation, increasing effectiveness and efficiency, and better customer service	SP/APP/ APR	No	No

Content	Plan/ Report	Performance.gov	
	Кероге	(PREP)	(PDF)
along with the agency official (title and office) responsible. This section should also highlight major management challenges—management and programmatic issues and risks or areas that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues identified by the GAO as high risk or issues identified by an Inspector General) where a failure to perform could seriously affect the agency's mission delivery and ability to achieve its goals. This summary section should also be used to reference where management priorities and challenges are addressed throughout the plan or report, as well as if an agency has determined they do not have major management challenges.			
• SP—establish management objective(s) (See section 230).			
APP—identify planned actions to address major management challenges or priorities; performance goals, indicators and/or milestones used to measure progress for the management challenges or priorities determined by the agency; and the agency official (title and office) responsible for resolving such challenges. Management challenges and priorities may include:			
 Major management challenges and risks including those on the GAO High-Risk List, or those areas identified by the IG and published in Section 3/4 of the AFR/PAR. 			
 Management objectives, if identified in the strategic plan. 			
o Agency-specific contributions to government-wide management initiatives such as priorities established through Executive Order.			
Contribution to Cross-Agency Priority Goals.Key areas for innovation and improvements in customer service.			
APR—describe progress made on management priorities and challenges that had been described in the Annual Performance Plan, such as results on management objectives, performance goals and indicators that were established.			
8.2 Cross-Agency Collaborations. As a part of the discussion of strategies, or where applicable, describe how the agency is working with other agencies to achieve strategic objectives, APGs, and performance goals. Describe responsibilities of key agency programs and external agency partners (e.g., other Federal programs, grantees; state, local, tribal, and foreign governments; major long-term contractors, etc.) and the nature of their expected contribution to strategic objectives.	SP/APP/APR	Optional	Optional
8.3 Evidence Building.	SP/APP/APR	No	No
• SP—The agency should describe how information from the full portfolio of evidence was used in developing the Strategic Plan, including how evaluation and research findings were used to establish or revise the agency's strategic objectives and identify how strategies or approaches that have been proven effective based on rigorous evaluations will be used to reach the objectives. For example, this may include program reviews performed under OMB Circular A-129 for credit programs or reflect the findings of a comprehensive review of the literature or recent results of high-quality evaluations. The strategic plan also should describe efforts to further build the evidence base in the long-term. The agency should include a schedule of future studies and evaluations planned for the next four years or for the strategic plan			

Content	Plan/ Report	Performance.gov	
	•	(PREP)	(PDF)
timeline. This schedule should go beyond simply listing evaluation topics. It should describe the objectives and how the evaluations or studies will improve agency decision-making. It should also describe how existing efforts to collect evidence are being leveraged to minimize new burden while maximizing the utility for evidence building. Agencies are encouraged to use a learning agenda or portfolio approach in creating this schedule, and to present their plans in an integrated, contextualized format. For example a learning agenda approach would include a clearly articulated set of questions related to the component's work. When answered, this will help the component work more effectively. The agenda would plan to answer those questions through high-quality evaluations or other sources. It may also describe efforts to expand the agency's capacity to develop strong evidence that answer important questions about effective policy and program design or to make better use of evidence to improve their programs.			
• APP—The agency should describe how information from research and program evaluation and other evidence was used in developing the performance plan, including how a portfolio of research evaluation and other statistical findings were used to establish or revise the agency's performance goals; identify effective or evidence-based strategies or approaches that will be used to reach these goals; understand the agency's progress toward these goals; and inform budgetary allocations based upon information about cost-effectiveness of agency efforts. The agency should be conscious of the quality of the evidence cited and its relative strength in support of the decisions being made and note the quality of the evidence being cited. The performance plan should also describe the agency's efforts to build the evidence base in the coming year by supporting high-quality evaluations of strategies, approaches or programs, as well as agency efforts to make greater use of existing data consistent with M-14-06, and build greater capacity for conducting and using evaluation findings.			
• APR—The agency should describe findings from agency-funded evaluations or other relevant evidence activities completed during the prior fiscal year, as well as evaluations relevant to the agency's understanding of the performance of its programs, the problems the program is trying to tackle, and the identification of external factors that might influence agency performance. In addition, agencies should provide discussion on how findings from evaluations or other studies were used in decision-making processes related to programs, policies, and budget efforts. If no evaluations were completed, the performance report should note this while describing the full portfolio of evidence used to inform decision making. In citing evidence, the agency should address the relative strength of the evidence, and may consider adding such information to the data validation and verification appendix, as appropriate.			
8.4 Hyperlinks. Link to other, more detailed plans, evaluations, or other studies to support the decisions and strategies described in the agency plan or report.	SP/APP/APR	Yes	Yes

Content	Plan/ Report	Performance.gov	
	_	(PREP)	(PDF)
8.5 Data Validation and Verification. Include an assessment by the agency head of the reliability and completeness of the performance data included in the plan and report, preferably as an appendix that can be attached to performance plans and reports or hyperlinked to Performance.gov. The description must include how the agency ensures the accuracy and reliability of the data used to measure progress towards its performance goals (including Agency Priority Goals), including an identification of—	APP/APR	Yes (may hyperlink to APR appendix)	No
• the means to be used to verify and validate measured values;			
• the sources for the data;			
• the level of accuracy required for the intended use of the data;			
any limitations to the data at the required level of accuracy; and			
 how the agency will compensate for such limitations if needed to reach the required level of accuracy. 			
The agency should summarize how the agency uses data to promote improved outcomes, including assessing the use and effectiveness of alternative form performance goals. Section 260.9 addresses approaches the agency should use to meet the data validation and verification requirement for both agency annual plans and annual reports. The agency may include an addendum that lists and briefly explains changes in performance indicators as compared to the prior year's performance report.			
8.6 Lower-Priority Program Activities. Each agency must reference the President's Budget volume where lower-priority program activities will be published by OMB. "The President's Budget identifies the lower-priority program activities, where applicable, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: http://www.whitehouse.gov/omb/budget." (See section 240 for more information on lower-priority program activities).	APP	No	No

SECTION 220—CROSS-AGENCY PRIORITY GOALS AND FEDERAL PERFORMANCE PLAN

Table of Contents 220.1 To which agencies does this section apply? 220.2 What is a Cross-Agency Priority Goal (CAP Goal)? 220.3 What is the Federal Performance Plan? 220.4 When are CAP Goals established and what time period do they span? Where can I find information on the existing CAP Goals? 220.5 How does OMB engage with Congress and other partners in setting CAP Goals? 220.6 What is the relationship between the CAP Goals and APGs? 220.7 How should agencies address CAP Goals in the agency Strategic Plan or Annual 220.8 Performance Plan or Annual Performance Report? How will CAP Goals be managed? 220.9 What information will be published on the CAP Goals? 220.10 220.11 How will OMB assess progress on CAP Goals? **Summary of Changes** Describes management of Cross-Agency Priority Goals (CAP Goals).

220.1 To which agencies does this section apply?

This section applies to all Executive Branch agencies. Agencies that contribute directly to <u>Cross-Agency Priority Goals</u> (CAP Goals) are identified by OMB and the CAP Goal Leader.

220.2 What is a Cross-Agency Priority Goal (CAP Goal)?

The GPRA Modernization Act of 2010 requires that the Federal Government set two types of CAP Goals (referred to as Federal Government priority goals in the GPRA Modernization Act):

- outcome-oriented goals that cover a limited number of crosscutting policy areas; and
- management improvements across the Federal Government in the areas of information technology, financial management, human resources, and real property.

Cross-Agency Priority Goals are identified in areas where increased cross-agency coordination on outcome-focused areas is likely to improve progress.

220.3 What is the Federal Performance Plan?

The GPRA Modernization Act requires that the Federal Government Performance Plan define the level of performance to be achieved for each of the CAP Goals, including associated targets, action plan, goal leader, and contributing programs. The website Performance.gov provides the components of the Federal Performance Plan and will continue to be developed to provide information on agency performance in accordance with the GPRA Modernization Act.

220.4 When are CAP Goals established and what time period do they span?

The GPRA Modernization Act requires CAP Goals to be made publicly available concurrently with the submission of the President's Budget in the first full fiscal year following any year in which the term of the President commences. CAP Goals are required to be set every four years, but can address goals requiring longer timeframes. Performance targets will be reviewed and considered for updates at least annually with the President's Budget. In accordance with the GPRA Modernization Act, interim CAP Goals were published concurrent with the FY 2015 President's Budget on Performance.gov and will be active until February 2018 when they will be revised concurrent with the release of the President's FY 2019 Budget, unless revised beforehand.

220.5 Where can I find information on the existing CAP Goals?

Performance.gov is updated on a quarterly basis for each CAP Goal. The website will include the information required by law, such as goal leader(s), contributing agencies, organizations, programs, targets, key milestones, major management challenges, and plans to address these challenges. Quarterly Performance Updates (QPUs) for the website on progress will be provided by the goal leader in coordination with the PIC, OMB, corresponding government-wide management (CXO) council and contributing agencies.

220.6 How does OMB engage with Congress and other partners in setting CAP Goals?

The GPRA Modernization Act requires OMB to consult the following congressional committees during the development of CAP Goals:

- Appropriations of the Senate and the House of Representatives;
- Budget of the Senate and the House of Representatives;
- Homeland Security and Governmental Affairs of the Senate;
- Oversight and Government Reform of the House of Representatives:
- Finance of the Senate:
- Ways and Means of the House of Representatives; and
- Other committees as appropriate

OMB reached out to these committees to discuss the interim CAP Goal areas during the development of the FY 2013 Budget and in advance of the CAP Goals defined with the FY 2015 Budget. OMB also worked closely with the President's Management Council (PMC), the Performance Improvement Council (PIC), and other government-wide (CXO) councils, other offices within the Executive Office of the President, and Executive Branch agencies to identify problems where cross-agency coordination could significantly improve performance. OMB will reach out to these stakeholders as the CAP Goals are revised in 2018.

220.7 What is the relationship between the CAP Goals and APGs?

While some Agency Priority Goals may be linked to CAP Goals, most APGs will focus on core agency missions and are not always tied directly to a CAP Goal. For the Government to make progress on its CAP Goals, OMB has identified contributing agencies or programs under each goal. In all cases, agencies and contributing programs that are responsible for making progress on CAP Goals will be required to contribute to the development of the overall action plan and identify clearly their respective agency contributions to the overall goal. The CAP Goal leader will work with the Performance Improvement Council, the corresponding government-wide management (CXO) council, OMB and agencies to determine each agency's contribution to the overall plan.

220.8 How should agencies address CAP Goals in the agency Strategic Plan or Annual Performance Plan or Annual Performance Report?

An agency that contributes to Cross-Agency Priority Goals must address this responsibility in the agency's Strategic Plan, Annual Performance Plan, and Annual Performance Report.

In the APP/APR, a summary should highlight agency efforts to deliver greater impact through innovation, increasing effectiveness and efficiency, and better customer service along and should include the name of the agency official (title and office) responsible. (See section 210 Content table part "Major Management Priorities and Challenges"). This section of the APP/APR should highlight or cross reference the management issues most critical to the agency's mission delivery which will include the agency's contributions to the Cross-Agency Priority Goals.

In cases where a CAP Goal area represents a significant part of the agency's mission delivery, the agency is encouraged to define an agency-specific strategic objective within the strategic plan and/or establish related agency-specific performance goals in the Annual Performance Plan. The Annual Performance Plan should identify planned actions, performance goals, indicators and/or milestones used to measure progress for contributions to Cross-Agency Priority Goals. The Annual Performance Report describes progress made on CAP Goal priorities, such as results on performance goals and indicators that were established in the performance plans.

In addition, an agency should include the following language: "Per the GPRA Modernization Act requirement to address Cross-Agency Priority Goals in the agency strategic plan, the annual performance plan, and the annual performance report, please also refer to www.Performance.gov for more on the agency's contributions to those goals and progress, where applicable."

220.9 How will CAP Goals be managed?

Each Cross-Agency Priority Goal has at least two goal leader(s) from both the Executive Office of the President and key agencies who will manage the processes by which goals are executed and who will share accountability for progress. Goal leaders are encouraged to leverage existing structures as much as practicable in managing CAP goals, (e.g., existing working groups, inter-agency policy committees, councils). Every CAP Goal will have a governance team chaired by goal leaders and consisting of representatives from agencies contributing to the goal, OMB, and others as determined by the goal leaders.

As set out in Section 200, CAP Goal leader(s) are officials named by the Director of OMB who will be held accountable for leading implementation efforts to achieve the goal. Goal leaders lay out strategies to achieve the goal, manage execution, regularly review performance, engage others as needed and make course corrections as appropriate.

Each governance team develops an action plan explaining how the Federal Government will execute on the goal. The action plan includes contributing agencies and programs; performance measures and targets; and milestones, indicators and governance for the goal. The action plan also includes a high-level progress update with anticipated risks or obstacles. Goal leaders will be responsible for ensuring the action plan is updated over the lifetime of the goal, at least quarterly, as experience is gained and new information is learned.

Conducting routine, data-driven performance reviews is a management practice proven to produce better results. CAP Goal leaders should run regular data-driven performance reviews to drive progress toward achieving the CAP Goal. Regular in-person reviews provide a mechanism for CAP Goal leaders to review performance on the goal and bring together the people, resources, and analysis needed to drive progress on both mission-focused and management goals. Frequent data-driven performance reviews on CAP Goals focus contributing agencies on effective and efficient implementation to improve delivery. Frequent

reviews provide a mechanism for CAP Goal leaders to keep contributing agencies focused on cross-cutting priorities. Teams come together to diagnose problems, identify opportunities through an analysis of data and experience, and decide on next steps to increase performance and productivity. Section 270 includes more detailed guidance on best practices in conducting data-driven performance reviews.

The PIC is also available to advise CAP goal leaders on how best to apply these practices in the crossagency context. CAP goal leaders should design a review approach tailored to the goal, taking into account nine leading practices that can be used to promote successful performance reviews, identified by the GAO in GAO-13-228:

- Leaders use data-driven reviews as a leadership strategy to drive performance improvement.
- Key players attend reviews to facilitate problem solving.
- Reviews ensure alignment between goals, program activities, and resources.
- Leaders hold managers accountable for diagnosing performance problems and identifying strategies for improvement.
- There is capacity to collect accurate, useful and timely performance data.
- Staff have skills to analyze and clearly communicate complex data for decision making.
- Rigorous preparations enable meaningful performance discussions.
- Reviews are conducted on a frequent and regularly scheduled basis.
- Participants engage in rigorous and sustained follow-up on issues identified during reviews.

220.10 What information will be published on the CAP Goals?

Performance.gov is updated quarterly to reflect information on CAP Goals according to the GPRA Modernization Act. See section <u>200</u> for expected publication timeframes, and the data elements for Performance.gov at https://max.omb.gov/community/x/oCFfJw.

220.11 How will OMB assess progress on CAP Goals?

OMB conducts reviews on progress of the CAP Goals, at least once a quarter. OMB and the PIC work with individual CAP goal leaders to refine the review process for each CAP Goal, and coordinate with agencies, by goal, as needed. The decisions related to next steps for improving performance will be reflected in progress updates and next steps as published quarterly on Performance.gov.

SECTION 230—AGENCY STRATEGIC PLANNING

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230.17	Can Strategic Plans be updated in the interim, before the end of the four-year revision cycle?
230.19	How should interim updates be communicated or published?

Summary of Changes

Describes Strategic Plan content and timeframes for development with the FY 2019 Budget as required by GPRA Modernization Act 2010.

Updates guidance to encourage interagency coordination in the development of Strategic Plans in instances where multiples agencies have shared strategic goals and objectives.

230.1 What is an agency Strategic Plan?

The GPRA Modernization Act 2010 aligns strategic planning with the beginning of each new term of an Administration, requiring every Federal agency to produce a new Strategic Plan by the first Monday in February following the year in which the term of the President commences. The Strategic Plan, therefore, presents the long-term objectives an agency hopes to accomplish at the beginning of each new term of an Administration by describing general and long-term goals the agency aims to achieve, what actions the agency will take to realize those goals, and how the agency will deal with challenges and risks that may hinder achieving results.

The Strategic Plan will define the agency mission, long-term goals, strategies planned, and the approaches it will use to monitor its progress in addressing specific national problems, needs, challenges, and opportunities related to its mission. It explains the importance of the goals, appraises the agency's capabilities, assesses the operating environment and provides for evaluations and other studies to inform agency actions. The Strategic Plan should explain why goals and strategies were chosen, discussing the relevant evidence supporting the selected goals and strategies. Because many agency missions, programs and strategies are statutory in nature, some of the strategic plan is expected to be more descriptive of those past decisions, whereas other parts of the strategic plan should reflect important strategic decisions in response to a recent agency analysis of the operating environment, Administration priorities or other emerging factors, for example.

An agency's Strategic Plan should provide the context for decisions about performance goals, priorities, strategic human capital planning and budget planning. It should provide the framework for the detail published in agency Annual Performance Plans, Annual Performance Reports and on Performance.gov. Agencies need to translate the long-term goals in their Strategic Plans to strategic objectives and then to performance goals, including Agency Priority Goals, in the Annual Performance Plan.

Because the Strategic Plan focuses on long-term objectives, it is important that agencies consider risks and how risks change over time during formulation of the plan. Considering risk management in early stages of the strategic planning process will ensure that the agency's management of risk is appropriately aligned with the organization's overall mission, objectives and priorities. (See more on enterprise risk management in section 270 and performance planning in section 240). Incorporating strategic foresight into the strategic planning and review process is one method for facilitating the achievement of long-term goals. Strategic foresight is a method for systematically considering a longer time horizon and broader scope of issues than other forms of planning. Integrating strategic foresight in the planning process also facilitates a systems approach to problem solving and may help an agency better prepare for future threats or take early advantage of emerging opportunities. The systems approach of strategic foresight also encourages organizational communication to avoid the "silo effect," in which problems are viewed in isolation. Foresight methodologies may vary by agency depending on its mission and operating environment, but examples of strategic foresight methodologies include scanning, trend analysis, and scenario planning. Opportunities for cross-agency foresight coordination are also encouraged to be explored where appropriate.

230.2 What is the purpose of strategic planning?

In addition to fulfilling the GPRA Modernization Act requirements, strategic planning serves a number of important management functions related to achieving an agency's mission. Strategic planning is a valuable tool for communicating to agency managers, employees, delivery partners, suppliers, Congress, and the public a vision for the future. An agency's strategic goals and objectives should be used to align resources and guide decision-making to accomplish priorities to improve outcomes. It should inform agency decision-making about the need for major new acquisitions, information technology, strategic human capital planning, evaluations, and other evidence-building and evidence-capacity building investments. Strategic Plans can also help agencies invite ideas and stimulate innovation to advance agency goals. The Strategic Plan should support planning across organizational operating units and describe how agency components are working toward common results. An agency formulates its Strategic Plan with input from Congress, OMB, the public and the agency's personnel, partners, and stakeholders and makes the plan easily accessible to all. The agency's process for establishing and managing strategic goals and objectives should fulfill these important roles:

Leadership. The strategic goals and objectives communicate the Administration's priorities and direction through a unified vision, long-term goals, and supporting strategies. The Strategic Plan features strategic goals and objectives that state what the agency wants to accomplish in terms of outcomes or results.

Planning. The Strategic Plan is the foundation of an agency's planning system because it provides direction for all programmatic and management functions used to execute the strategies needed to reach goals.

Executives should use the Strategic Plan to provide guidance to agency components for planning their program implementation, including the alignment of information technologies and human capital resources to support improved outcomes and cost-effectiveness. The Strategic Plan should not, however, be a binding document that prevents agencies from learning from experiences and adapting their plans to changing circumstances. Instead, the strategic goals and objectives should be updated over time, incorporating agency learning, and emergent or external factors that may impact agency implementation.

Management. After the planning process, the agency uses the strategic goals and objectives to guide implementation and management. Each strategic goal should be supported by a suite of strategic objectives and performance goals. These, in turn, should be supported by other indicators used to monitor and interpret progress. The annual performance planning, human capital planning and budget processes jointly support the agency's implementation of the strategic goals and objectives by establishing resource allocations, refined strategies, activities, indicators, targets, and milestones in more detail. Agency Strategic Plans provide the framework for other plans and reports where agency performance goals and related analyses are communicated and monitored and revised when needed. For more information on management toward the strategic goals and objectives, see section 270 regarding the strategic review which includes information on the link between strategic planning and enterprise risk management.

Engagement. The strategic goals and objectives in an agency Strategic Plan are a tool to engage external entities to enlist their ideas, expertise, and assistance, including Congress, the public and the agency's stakeholders. For example, because delivery partners external to the Federal Government can be critical in accomplishing agency objectives, agencies may want to engage them in identifying potential goals and strategies to accelerate progress.

230.3 What content is included in the agency Strategic Plan?

Agencies should plan to address the content as established in section 210 for the February 2018 publication of the new agency Strategic Plan and should use strategic reviews to help the agency identify the most effective long-term strategies.

230.4 What timeframes must be established for achieving strategic goals and objectives?

The strategic goals and objectives should be established for a period of not less than four years forward from the fiscal year in which it is published, starting the first Monday in February of any year following the year in which the term of the President commences. Agencies may set strategic goals for longer periods of time. See section 230.17 regarding interim updates.

Strategic Plan:

- Publication February 2018 covers FYs 2018-2022
- Publication February 2022 covers FYs 2022-2026

The draft strategic goals and objectives should inform strategic human capital planning (consistent with 5 CFR Part 250) and agency budget submission to OMB in September 2017, which will include the FY 2019 draft APP. Detailed performance information supporting the strategic goals and objectives, such as draft performance goals, and indicators, are required to be provided in the APP draft submitted to OMB in September 2017, accompanying the agency's FY 2019 budget request. Agencies that do not submit a budget to OMB in September should still submit the draft APP to OMB for review.

230.5 When must agencies next update their Strategic Plan according to the GPRA Modernization Act and what is the timeline for Strategic Plan development?

Agencies are required to publish an updated Strategic Plan, which meets requirements of the GPRA Modernization Act, concurrent with the publication of the FY 2019 President's Budget in February 2018.

After the February 2018 publication, agencies must issue a new Strategic Plan in February 2022. Agencies should prepare the new Strategic Plan by applying information learned from strategic reviews as they are conducted.

Agencies should prepare the Strategic Plan initial draft by June 2, 2017 in order to inform the development of the FY 2019 budget submission and FY 2019 Annual Performance Plan, which will also include FY 2018-2019 Agency Priority Goals. Continued refinements to the initial draft Strategic Plan will be expected prior to publication in February 2018. Agencies may work with OMB to make adjustments to the Strategic Plan draft submission if needed.

230.6 What is an effective strategic goal?

Strategic goals should reflect the broad, long-term, outcomes the agency aspires to achieve by implementing its mission. Strategic goals communicate the agency efforts to address national problems, needs, challenges, and opportunities on behalf of the American people. Both the way strategic goals are framed and the substance they communicate are important to consider. Strategic goals should reflect the statutory mission of the agency, and most agency activity will align to the strategic goals. Strategic goals need not be as specific as strategic objectives, however, and need not reflect every activity that the agency must undertake to accomplish its mission.

Stylistically, strategic goals should be simple statements which are neither long nor overly complex. Some guidelines for developing these include:

- Use language that the public will understand and avoid highly technical terms that are very specific to technical or professional fields.
- Use language that expresses future direction or vision, and include active or directional verbs such as strengthen, support, maintain, improve, reduce, etc.
- Be specific enough for the public to clearly understand how the goal supports the agency's mission and communicates the agency's unique responsibilities.

For example, strategic goals such as "Improve Safety" do not communicate the agency's specific efforts in this outcome area. Better specificity might be "Maintain and Improve the Safety of America's Transportation" for the Department of Transportation. If desired, short headers may be used preceding the strategic goal statement (e.g. Safety: Maintain Safe and Healthy Workplaces), and a separate field will be provided in Performance.gov for the 'header' in addition to the full strategic goal statement.

Additional examples of strategic goals are:

- Strengthen Access and Quality of Healthcare for the American People
- Increase Children's Access to Safe, Nutritious, and Balanced Meals
- Strengthen the Nation's Housing Market To Bolster the Economy and Protect Consumers

230.7 What is an effective strategic objective?

Strategic objectives reflect the outcome or management impact the agency is trying to achieve and generally include the agency's role. They express more specifically the results or direction the agency will work to achieve in order to make progress on its mission. Although objectives are usually outcome-oriented some objectives may be established to communicate the breadth of agency efforts – such as management objectives or crosscutting objectives that support multiple strategic goals. For the purpose of display on Performance.gov, strategic objectives may be described as:

- Mission Focused. A type of strategic objective that expresses more specifically the path an agency plans to follow to achieve or make progress on a strategic goal.
- Mission Focused (Crosscutting/Other). A type of strategic objective that is not directly tied to a single strategic goal, but may be tied to several or none. In some circumstances agencies perform statutory or crosscutting activities which are not closely tied to a single strategic goal.
- Management Focused. A type of strategic objective that communicates improvement priorities for management functions such as strategic human capital management, information technology, or financial stewardship. This may also be referred to as "Management Objective."

Agencies should treat strategic objectives, (including mission, management, crosscutting, or other) as a primary unit for strategic analysis and decision-making. It is important to develop strategic objectives that enable a review of progress both on effectiveness of implementation and the impact made on ultimate outcomes, using a variety of sources of evidence. When developing each objective, the agency should consider how to measure progress toward achieving it, such as considering which performance indicators and other sources of evidence are most useful to understand progress and assess if current strategies are effective.

The following guidelines should be considered in crafting mission-focused strategic objectives:

- Purpose: Will the strategic objective align agency efforts to achieve a desired outcome, and facilitate improved decision-making? The purpose of each strategic objective is to align agency efforts toward achieving the intended outcome. Objectives should be meaningful and inspiring to agency leadership, program managers, and front-line employees, and their ongoing implementation should stimulate analysis and decisions which lead to improved outcomes. Strategic objectives should be defined to facilitate decision-making at the agency, as well as decision-making by the agency's stakeholders. It should be possible to identify the lead office and other responsible offices for each strategic objective, and to identify the programs, activities and strategies utilized to achieve the objective. In some cases, objectives may be chosen which cut across organizational or programmatic silos in order to facilitate cross-organization management to improve outcomes or realize a better return on investment.
- Assessment: Can progress on the strategic objective be reasonably assessed? Agencies are required to annually assess progress toward achieving the intended outcomes of each strategic objective, as part of the strategic review (See section 270). Considerations when determining if a strategic objective will support a meaningful assessment include:
 - O Strategic objectives should be articulated so they express future direction or vision, and include active or directional verbs such as strengthen, support, maintain, improve, reduce, etc. The objective should be framed so it can serve as a standard against which an assessment can reasonably be performed (i.e., it is reasonable to say if progress had been made toward the objective and whether or not the objective was met).
 - Each strategic objective should have some means of assessing progress both on effectiveness of implementation and progress toward ultimate outcomes (e.g., performance indicators that can be analyzed to assess likely impact of agency action, evaluations).
 - An objective which includes a diverse set of outcomes will be more difficult to assess than objectives expressing a single outcome or multiple closely related outcomes.
 - The more ambiguity there is in the strategic objective statement as to the intended outcomes, the more challenging it will be to conduct a meaningful assessment.

• Scope: Is the scope of the objective appropriate? Strategic objectives should break down the broader, mission-oriented strategic goals to a level that reflects the impact or outcome the agency is trying to achieve through its programs. In general, strategic objectives will not be quantitative, but will add more specificity to the strategic goals and act as a bridge between the agency's strategic goals and more specific quantitative or alternative form performance goals.

The full set of an agency's strategic objectives will not necessarily capture the full depth and detail of agency activities. Many agency activities will be described through narrative supporting a strategic objective, or through the establishment of performance goals at a more granular level of agency planning, rather than through inclusion in the strategic objective statement. In general, agencies should have approximately 2-10 strategic objectives for each strategic goal; however the number may vary by agency and mission areas.

- Clarity: Is it understandable? Strategic objectives should be relatively simple statements that clearly communicate the outcome or impact that is desired. Statements should not be too long or complex since there will be strategies and other narrative supporting each. Agencies should use language that the public will understand and should avoid jargon.
- Uniqueness: Is the objective defined in a way that clarifies the agency's role and mission? In some cases, it may be difficult to understand the objective unless the agency's role is communicated. In these cases, the strategic objective should differentiate the agency's efforts from other agencies in a particular outcome area. For example, many agencies may be working to impact economic development; however, each organization may be responsible for a different facet, using different programs, interventions and strategies (e.g., housing rehabilitation vs. small business assistance). To the extent these distinctions can be made within the strategic objective statement, agencies should do so by clarifying the agency role or communicating the desired program results in summary. Alternatively, the strategies and other narratives that describe what the agency will do to execute on the strategic objective should be used to help to clarify the agency role.

Examples of mission-focused strategic objectives:

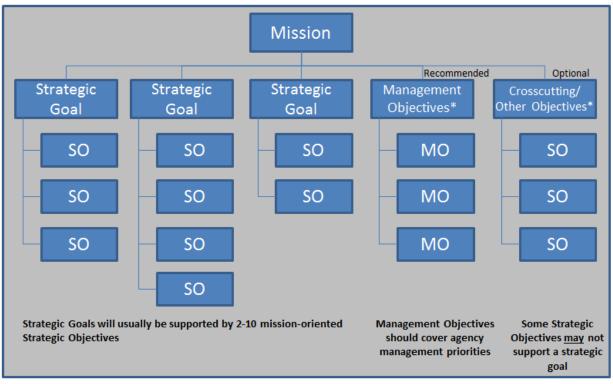
- Expand international markets for U.S. firms and inventors by improving the protection and enforcement of intellectual property rights
- Improve intellectual property protection by reducing patent pendency, maintaining trademark pendency, and increasing the quality of issued patents and trademarks
- Enhance national preparedness through a whole community approach to emergency management
- Prosecute those involved in terrorist attacks
- Improve public financial management and strengthen financial systems of developing countries by providing assistance through USAID programs.
- Substantially reduce the number of families and individuals with severe housing needs by expanding access to housing assistance
- Protect and restore watersheds and aquatic ecosystems
- Advance earth system science to meet the challenges of climate and environmental change

230.8 Must the agency's strategic objectives be comprehensive, reflecting the major mission activities that the agency undertakes?

Yes. The strategic objectives should generally encompass the agency's mission and scope of responsibilities, including statutory responsibilities. However, encompassing the *scope* of mission activities does not mean that the strategic objectives will cover the *depth and detail* of agency activities. There will be many cases where agency activities are too detailed to be included in the strategic objective statement or associated description, but are relevant to support an objective or multiple objectives. In some cases, these activities will be included in supporting narrative in the Annual Performance Plan.

The graphic below shows the relationship between Strategic Goals and Strategic Objectives, including management-focused and crosscutting objectives.

Example illustration of goal and objective relationships:



*Can be named by agency as appropriate.

230.9 Are agencies required to set management-focused objectives addressing management functions such as financial management, acquisition, human capital, information technology, etc.?

OMB encourages agencies to establish management-focused objectives that reflect key priorities of the agency, such as a significant effort to improve performance across the organization. Agency leadership may opt to include a management objective or objectives that reflect these significant agency-specific priorities. In Performance.gov, management objectives will be listed under a separate category, similar to the categorization of strategic objectives under strategic goals. Each kind of strategic objective has the same management and public reporting requirements.

230.10 What is an effective management objective?

Management objectives communicate improvement priorities for management functions such as strategic human capital management, information technology, sustainability or financial stewardship. In general, these efforts will cut across the organization and should reflect priorities that leadership would like to emphasize over the period of performance established in the strategic plan. These key management efforts need not reflect all the important operations or management functions of the agency (e.g.; budget or legal functions) rather they should reflect broad, strategic-level decisions of emphasis or describe a relatively significant performance improvement change that affects most of the organization.

Management and operation functions not reflected in the strategic plan as management objectives should be addressed among performance goals in the Annual Performance Plan or in agency operational plans. Strategies supporting mission-oriented strategic objectives or strategies in the Annual Performance Plan should identify key operational processes, human capital, training, skills, technology, information and other management resources where they are relevant to the implementation of mission-focused strategic objectives.

Examples of management objective:

- *Financial Management:* Fight fraud and work to eliminate improper payments through increased emphasis on agency program integrity initiatives.
- Strategic Human Capital Management: Invest in the agency's employee recruitment, hiring, training, work-life programs and performance management so staff is engaged to more effectively serve small businesses.

230.11 Are agencies required to address the agency specific contributions to Cross-Agency Priority Goals (CAP) within the strategic plan?

Yes. See sections <u>210</u> and <u>220</u> for details.

230.12 Who should prepare the agency strategic goals and objectives?

The development of strategic goals and objectives is an inherently governmental function, and the plan is to be drafted only by Federal employees. Agencies should engage their organizational components (employees), Congress, OMB, delivery partners and other stakeholders in the development of the strategic goals and objectives.

When preparing the plan for publication, agencies may be assisted by non-Federal parties, such as consultants or contractors who are hired specifically to provide technical input on the design and assembly of the plan, and who are not solicited for their input on policy or budget issues. The Strategic Plan should include an acknowledgment and brief description of the contribution by a non-Federal entity in preparing the plan, if applicable.

230.13 What is the timeline for agencies to obtain input from OMB on the Strategic Plan?

Agencies should provide the initial draft Strategic Plan to OMB no later than June 2, 2017, using the content described in section 210 and leveraging findings derived from annual strategic reviews and the initial risk profile (see OMB Circular A-123) to develop the plan. The planned schedule provides four weeks for the initial OMB review and feedback starting in June 2017.

A full draft of the strategic plan and a draft annual performance plan will be provided no later than the FY 2019 budget submission in instances where an alternate Strategic Plan submission timeline was worked out in advance with OMB. After incorporating initial OMB comments and external stakeholder input, agencies

must provide the final draft Strategic Plan to OMB for clearance, no later than December 22, 2017, providing a minimum of two weeks for the final OMB clearance. The detailed timeline is summarized in the table below:

Date	Action		
June 2, 2017	Agencies submit for OMB review initial draft Strategic Plan covering FYs 2018-2022. Specific components of initial draft Strategic Plan submissions include: -Agency Mission Statement		
	-Draft Strategic Goals		
	-Draft Strategic Goals -Draft Strategic Objectives, including a short description of each		
	-FY 2018-2019 Agency Priority Goal areas		
June 30, 2017	Agencies will have received initial feedback from OMB by June 30.		
September, 2017	Agencies submit for OMB review:		
•	-Full draft of FYs 2018-2022 Strategic Plan that incorporates the detailed content requirements provided in section <u>210.11</u>		
	-Draft full action plans for FY 2018-2019 Agency Priority Goals		
	-Draft FY 2019 Annual Performance Plan		
November, 2017	Agencies will have received feedback from OMB on full draft submission of FYs 2018-2022 Strategic Plan, FY 2018-2019 APGs, and FY 2019 Annual Performance Plan		
December 22, 2017	Final draft Strategic Plan submitted to OMB for clearance		
January, 2018	For final OMB clearance, agencies submit:		
•	-FY 2018-2019 APG full action plans and Q1 Quarterly Performance Update		
	-FY 2019 Annual Performance Plan		
	-FY 2017 Annual Performance Report		
February, 2018	Concurrent with the FY 2019 President's Budget, publish:		
	-FYs 2018-2022 Agency Strategic Plan		
	-FY 2019 Annual Performance Plan		
	-FY 2017 Annual Performance Report		
	-FY 2018-2019 APG action plans and Q1 Quarterly Performance Update		

230.14 What must be provided to OMB in the strategic plan draft?

All agencies are encouraged to submit full draft Strategic Plans, using the content required by the table in section 210, by posting the draft document on MAX at https://max.omb.gov/community/x/C5VxIQ. For large agencies, the minimum requirements will also be collected through the PREP tool in Performance.gov for internal Government deliberation. Small agencies should submit the draft strategic plan via MAX at https://max.omb.gov/community/x/C5VxIQ.

At a minimum, the June submission to OMB via Performance.gov must include:

- The Agency's Mission Statement;
- Draft Strategic Goals;
- Draft Strategic Objectives, including a short description for each; and

Draft FY 2018-2019 Agency Priority Goal areas

OMB will review the submissions, coordinate with other offices in the Executive Office of the President, as appropriate, and provide initial feedback to agencies within four weeks of the June submission. The draft strategic goals and objectives should inform the agency FY 2019 budget submission in September 2017, which will include the FY 2019 draft Annual Performance Plan. Detailed performance information supporting the strategic goals and objectives, such as FY 2018-2019 Agency Priority Goals, performance goals, and indicators, are required to be provided in the Annual Performance Plan draft submitted to OMB in September 2017. Agencies that do not submit a budget to OMB in September should still submit the draft Annual Performance Plan to OMB for review.

A full draft of the Strategic Plan and a draft Annual Performance Plan should be provided with the FY 2019 agency budget submission in September 2017, and be informed by the key findings of annual strategic reviews as well as the complete risk profile completed by agencies as part of the strategic reviews conducted in spring 2017. Agencies should submit the required portions through the PREP tool and should also post the full draft Strategic Plan on MAX at https://max.omb.gov/community/x/C5VxIQ.

230.15 What input should agencies solicit outside the Executive Branch in the development of Strategic Plans and when?

When preparing a Strategic Plan, agencies must consult with the Congress and should consider both majority and minority views as well as the views of other interested and potentially-affected parties, including non-Federal stakeholders and delivery partners. These consultations generally should occur after the initial draft is reviewed by OMB, during the summer prior to publication, though agencies may determine alternative outreach approaches, such as ongoing agency communications and contact processes, in consultation with OMB. Agencies should work with their legislative affairs offices to determine the best ways to consult with Congress on the strategic plan, in advance of finalizing the plan with OMB.

Consultation with external stakeholders could include hosting public meetings on the draft plan or draft goals or posting the draft plan on the internet and inviting comment after OMB has been provided an initial draft. Agencies may consider using the existing published Strategic Plan to begin earlier consultations with Congress and other stakeholders before a more fully-developed revision is completed. This approach should allow stakeholders to engage early in the development process. Agencies must consult with Congress at least every two years on their Strategic Plans and should briefly note how feedback was integrated.

230.16 Can an agency consult with other agencies within the Executive Branch in the development of Strategic Plans?

Yes. Agencies are encouraged to consult with other agencies within the Executive Branch in the development of Strategic Plans, as the outcomes of some strategic goals and objectives that an agency's strategic plan seeks to achieve may require interagency coordination of programs and resources. Interagency coordination in the development of the agency strategic plan will help ensure the appropriate alignment of resources in instances where agencies have shared strategic goals and objectives. Agencies that want assistance should contact OMB.

230.17 How should agencies publish Strategic Plans and deliver them to Congress?

The GPRA Modernization Act of 2010 requires agencies to make the Strategic Plan available on a central website in machine readable format, and notify the President and Congress of its availability (See section 210 on Performance.gov.).

Agencies that were not required to establish Agency Priority Goals on Performance.gov, will publish Strategic Plans on the agency's website, and will provide a hyperlink for publication on Performance.gov that directs readers to the agency plan on the agency's website.

Agencies will notify the OMB Director of the agency's final Strategic Plan by approving the content on Performance.gov, and by providing the plan link to OMB at performance.gov. Related submissions or questions may be emailed to the same address.

Notification to Congress of the availability of the Strategic Plan on Performance.gov (or the agency website, if applicable) is transmitted electronically by the agency head. Transmittal emails are addressed to the Speaker of the House of Representatives, the President of the Senate, and the President pro tempore of the Senate.

230.18 Can Strategic Plans be updated in the interim, before the end of the four-year revision cycle?

Yes. Agencies may make adjustments to their Strategic Plan in advance of the four-year revision cycle prescribed by GPRA Modernization Act, as strategic reviews or external factors may impact changes to long-term decisions. In order to ensure the strategic goals and objectives reflect agency efforts throughout the Administration, agencies are encouraged to consider changes to their strategic goals and objectives as part of the strategic reviews. Revisions may occur based on results of strategic reviews, information gained through evaluations, external events, changes in legislation, changes in strategy, or other factors. While these changes will be encouraged to be made as part of the agency strategic review process, interim adjustments will also be considered throughout the year in response to major events. Interim adjustments do not alter the four-year revision cycle for Strategic Plans.

An agency does not need to consult with Congress or conduct outreach to potentially interested or affected parties when preparing interim adjustments, unless such adjustments reflect significant changes. Significant changes to an agency's Strategic Plan should be made using a more extensive update process with review by OMB. Congressional consultation requirements apply in these instances of significant change. In general, any updates to the agency strategic goals and strategic objectives should be made during the annual update of the Annual Performance Plan, concurrent with the release of the President's Budget in February.

230.19 How should interim updates be communicated or published?

Interim adjustments to the Strategic Plan, such as but not limited to new Agency Priority Goals, generally will not require a new publication of the full Strategic Plan. For example, an agency may append an interim adjustment (e.g., newly defined Priority Goals) to its budget submission or include the changes as a part of the Annual Performance Plan to OMB to address the needed adjustments to the Strategic Plan if any. Such interim adjustments should be published in the Annual Performance Plan that is sent to OMB in September and to Congress in February and should be made easily accessible to the public.

SECTION 240—ANNUAL PERFORMANCE PLANNING

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Summary of Changes

Updates Annual Performance Plan to be published with agency FY 2018 final congressional budget justifications.

Updates reporting of major management challenges in Annual Performance Plan.

240.1 What is an Annual Performance Plan?

The Annual Performance Plan (APP) is a description of the level of performance to be achieved during the year in which the plan is submitted and the next fiscal year. The plan should also be specific in describing the strategies the agency will follow, explaining why those strategies have been chosen, and identifying performance targets and key milestones that will be accomplished in the current and next fiscal year. It should be comprehensive of the agency's mission by showing the plan for each strategic objective.

240.2 What is the purpose of an Annual Performance Plan?

Agencies prepare an Annual Performance Plan to communicate the agency's strategic objectives and performance goals with other elements of the agency budget request. The plan describes how the goals will be achieved, identifies priorities among the goals and explains how the agency will monitor progress. The

APP also updates the previous APP to reflect changes in plans, funding decisions, and changes in the environment.

240.3 How does the Annual Performance Plan relate to the Strategic Plan?

The Annual Performance Plan should align to the agency's strategic goals and objectives, explaining how they will be achieved. Strategic goals are advanced by strategic objectives, which in turn, are supported by specific performance goals and indicators. For each strategic goal, the annual plan should show the supporting strategic objectives and performance goals. The indicators that will be used to track, interpret or improve progress on performance goals must also be included in the performance plan.

The Annual Performance Plan supports the agency's budget request by identifying the performance goals and key milestones that an agency will pursue in the coming year. Results of agency progress on strategic objectives and performance goals are presented and discussed in the Annual Performance Report. Agencies may choose to drop or add measures in the Annual Performance Plan, in consultation with OMB.

The FY 2016 Performance Report format should be aligned to the strategic plan framework. Agencies should still report FY 2016 results of performance goals and indicators that will be discontinued, and targets for dropped measures no longer need to be set as a part of the FY 2018 Performance Plan.

240.4 What is the relationship between the Annual Performance Plan, Annual Performance Report and Congressional Budget Justification?

Section <u>51</u> outlines agency budget justification requirements. The performance plan may be used to structure the budget submission, or at minimum, be part of the agency's budget submission to OMB and to Congress. Changes in the plan should reflect changes to the program activities in the budget request.

To reduce duplication and to communicate future plans in the context of historical trends, agencies are strongly encouraged to consolidate the Annual Performance Plan with the Annual Performance Report to deliver them concurrent with the Congressional Budget Justification and on Performance.gov by strategic objective. Agencies should consult with relevant congressional appropriations committees to confirm their support for modifications to the format of the Congressional Budget Justification.

240.5 Does the agency Annual Performance Plan incorporate the Cross-Agency Priority Goals?

Yes. See sections 210 and 220 for details.

240.6 How will agencies be expected to link resources to the performance plan this year?

Performance information in the Annual Performance Plan, especially the goals, indicators of past performance and other evidence such as evaluations, should inform agency budget decisions, complementing other factors considered in the budget process. The funding proposed in agency FY 2018 final budget submissions should reflect funding levels the agency believes are needed to meet proposed FY 2018 targets. Current year performance goals should be updated to reflect final congressional action on appropriations and other changes in external conditions, as necessary. The performance goals in Annual Performance Plans should be consistent with those set through agency strategic and performance planning processes.

The strategic goals and objectives in the performance plan should capture efforts for all program activities in the budget request. Agencies may aggregate, disaggregate, or consolidate program activities for the purposes of aligning performance information and resources as appropriate for the agency size, except that any aggregation or consolidation may not omit or minimize the significance of any program activity constituting a major function or operation for the agency.

240.7 What content should be included in the Annual Performance Plan and how will it be published?

The content table in section 210 establishes what information must be included in the Annual Performance Plan. This section should be considered in conjunction with section 51, on Basic Justification Materials as well as section 210 which describes requirements for publication of the plan on Performance.gov. Agencies that were required to establish FY 2016–2017 Agency Priority Goals on Performance.gov will be expected to publish Annual Performance Plan information organized by strategic objective on Performance.gov. The FY 2018 Annual Performance Plan will be developed to align with the incoming administration's policies and will be published concurrent with the agency's final FY 2018 congressional budget justification, with all agencies producing a full agency performance plan for posting on the agency website with all required content. The agency's congressional committees may also require additional information for the performance plan that is submitted to Congress.

240.8 How should agencies report performance improvement actions for items identified as major management challenges in the Annual Performance Plan?

Major management challenges are programmatic or management functions, within or across agencies, that have greater vulnerability to waste, fraud, abuse, and mismanagement (such as issues the Government Accountability Office identifies as high risk or issues that an Inspector General (IG) identifies) and where failure to perform well could seriously affect the ability of an agency or the Federal Government to achieve its mission or goals. Agencies may consider IG recommendations on serious management and performance challenges as well as management issues and risks or areas most critical to the agency's mission delivery when developing performance goals as part of performance planning. Where applicable, agencies should highlight instances where a performance goal has been developed as a result of a major management challenge, and include detailed performance information required in section 210.11.

Agencies should address identified major management challenges in the Agency Annual Performance Plan as a part of *Other Information* if not addressed as agency priority or performance goals elsewhere in the performance plan. Agency discussion of major management challenges in the Annual Performance Plan should include: planned actions to address major management challenges; performance goals, indicators and/or milestones used to measure progress for the major management challenges identified; and the agency official (title and office) responsible for resolving such challenges. See section 210.11.

240.9 What are data of "significant value?" What attributes and dimensions should agencies consider when selecting and gathering data to improve agency progress on goals?

Data are most valuable when they are meaningful for analyzing progress and identifying ways to improve performance. Data need to be sufficiently accurate, and timely to inform a decision, behavior, or outcome by those who have authority to take action. For information to be actionable, it must be prepared in a format appropriate for the user. A first step for agencies will be to identify data sources that are already available and assess whether they adequately measure the performance goal or other indicator of interest. Agencies may be able to adapt existing data, or they may find that new data sources will need to be developed. Data attributes to consider include:

- <u>Frequency</u>—How often should the data be collected in order to impact future performance? How quickly is it needed to make sound decisions? Annually, quarterly, monthly, weekly, daily?
- <u>Time</u>—Is the time of day, day of the week, or week of the year likely to correlate with performance or causal factors affecting performance (e.g.; time of incidents, demand patterns)? If so, is it worth tagging performance indicators with this information so that they can be sorted to see variations in performance patterns across time?

- <u>Users</u>—Who uses the data to learn from experience, improve performance, or make decisions and for what purpose? Are they *responsible* for achieving the task, *accountable* for accomplishing it, potentially *supportive* of the endeavor, likely to be *consulted* due to their expertise, or do they need to be kept *informed*? Are they in central offices, field, among delivery partners, public or Congress? What does that information-using role imply for the form, timing, collection and dissemination of the collected indicators?
- <u>Format</u>—How will people use the information and what format is most conducive to its use?
- Methods—How are data collected or delivered and what methods are used to get feedback on the data to continually improve its quality or usefulness? What challenges related to data collection may impact its use?
- Context and Analysis—What analysis and evaluation will be needed in order to be able to use the data to make decisions or improve performance?
- <u>Cost</u>—How costly or burdensome is the data collection or analysis before it can be put to use?

240.10 What kind of evidence is considered appropriate for use in managing performance under the GPRA Modernization Act?

For the purpose of managing performance under the GPRA Modernization Act. evidence is the available body of facts or information indicating whether a belief or proposition is true or valid. Evidence can be quantitative or qualitative, and may come from a variety of sources, including performance measurement, evaluations, statistical series, retrospective reviews, and other data analytics and research. Evidence has varying degrees of credibility, and the strongest evidence generally comes from a portfolio of highquality evidence rather than a single study. The credible use of evidence in decisionmaking requires an understanding of what conclusions can be drawn from the information, and equally important, what conclusions cannot be drawn. For example, multiple rigorous impact and

Other Indicators Sometimes Essential for Interpreting Performance Indicators

Some performance indicators require context and analysis to interpret the agency's performance trends accurately, so other indicators are needed to accompany performance indicators. Here are a few examples:

Other indicators: When an agency faces a process backlog and sets a target to reduce the backlog, it is not sufficient to track only the size of the backlog or the percent of applications processed within the threshold processing time set. It is also essential to track input indicators (e.g.; the number of applications coming in to the agency) and output indicators (e.g.; number of applications processed by the agency) for the same time period to interpret accurately the agency's performance addressing the backlog.

External factor indicators: When an agency reviews the performance across field offices or delivery partners, meeting indicator targets does not always mean the intended outcome is being achieved. The number of people receiving jobs after participating in a state's employment readiness program could be very high as compared to another program in a different state. In that situation, contextual indicators may be critical to understanding the performance of individual delivery units. The participants, economic conditions, or level of demand for services in an area may be critical to interpreting the job placement rates and for finding effective practices for improving performance.

implementation evaluations may provide strong evidence that a particular intervention is effective with a particular population, but it may be less definitive on how effective that intervention may be in other settings or with other populations. Quasi-experimental evidence from large, diverse samples of administrative data may ease generalizability, but could lack definitive evidence on causality or be silent on important outcomes

not captured in the administrative data. Descriptive analyses from Federal statistical series provide context to examine societal and economic trends over time. Qualitative evidence can complement other evidence by providing insight into how programs and practices can be implemented successfully.

This is a broad definition of evidence, but portfolios of evidence have varying degrees of credibility. The concept of 'intended use' of evidence allows agencies to set expectations for levels of credibility appropriate to the specific purpose for which the portfolio of evidence will be used. This concept aligns with OMB's guidance, which instructs agencies to weigh the costs and benefits of higher evidence quality in gathering evidence and in the level of quality to which the evidence disseminated will be held.

240.11 What can be used to drive performance in areas where quantifiable performance goals cannot be developed?

When agencies cannot express a performance goal in a quantifiable form for a particular program, an "alternative form" performance goal or suite of indicators may be used instead. For example, milestones are often used as the basis of an alternative form performance goal. In other cases, the attainment or maintenance of a third-party, established, standard can be a qualitative, measureable performance goal, such as obtaining an unmodified audit opinion on the agency's financial statements. For certain programs, a suite of indicators in lieu of a performance goal will be appropriate. Evaluations and other assessment tools may also be helpful.

240.12 How should <u>evidence</u>, aside from performance goals and indicators, be incorporated in the Annual Performance Plan?

Agencies should demonstrate the use of evidence throughout their FY 2018 budget submissions, particularly in support of the performance goals and strategies in the Annual Performance Plan and 2018 final congressional budget justification. Evidence comes in different forms that can be useful (e.g.; evaluations, research studies, data analytics and retrospective reviews of regulation). Some evidence helps programs better understand the characteristics of the problems they are trying to tackle, while other evidence reveals agency practices and other factors that affect the problems agencies want to affect. Use of evidence in budget, management, and policy decisions is critical to make government work effectively.

240.13 What is required by the GPRA Modernization Act on lower-priority program activities?

Agencies are required to identify lower-priority program activities as a part of the FY 2018 performance planning process and final budget submission. In cases where small agencies have only one program activity in the President's Budget the agency may disaggregate the program activity for the purposes of identifying lower-priorities appropriate to the agency's size.

240.14 How should agencies prepare and publish the lower-priority program activities?

Agency budget submissions to OMB must include a draft list of the agency's proposed lower-priority program activity designations using the template and instructions provided on https://max.omb.gov/community/x/C5VxIQ. Agencies should provide to OMB in their final FY 2018 budget submission a draft list of lower-priority program activities using the FY 2018 budget guidance to be provided by OMB to agencies.

According to the law, the agency's draft submission to OMB must include an explanation of the lower-priority program activity selection based on the agency's analysis of the programs' contribution to the mission and goals of the agency, and an evidence-based justification for designating a program activity as lower-priority.

As in previous years, OMB will work with agencies to approve and finalize lower-priority program activity lists under the budget process, prior to the publication of the President's Budget. OMB will work with

agencies to approve and finalize lower-priority program activities under the budget process, prior to the publication of the President's Budget.

Agencies must publish in the agency's performance plan a clear reference to the President's Budget for the agency's lower priorities such as "The President's Budget identifies the lower-priority program activities, as required under the GPRA Modernization Act, 31 U.S.C. 1115(b)(10). The public can access the volume at: http://www.whitehouse.gov/omb/budget."

240.15 What criteria should agencies use when selecting their lower-priority program activities?

Criteria that agencies could consider, in combination, for identifying lower-priority programs may include:

- Alignment—Program activities that are not aligned with mission of the organization or a Cross-Agency Priority Goal.
- Duplication—Program activities addressing issues that are already addressed by another entity within or outside the Federal Government.
- Scope—Program activities considered to be small scope, low-budget, inconsequential or insignificant.
- Impact—Program activities that do not affect the public significantly, directly, or indirectly.
- Stakeholders—Program activities that, if reduced or eliminated, would not have significant negative impacts on stakeholders.

240.16 The GPRA Modernization Act requires each agency to make available on the web an update on agency performance. How and when will agencies publish the final Annual Performance Plan?

Since the passage of the GPRA Modernization Act, agencies have been aligning the annual performance plan and report with the agency's congressional budget justification, both to improve the accessibility and usefulness of agency performance reporting for stakeholders, as well as to reduce the burden of duplicative planning and reporting timelines. Recognizing normal timelines will need to accommodate the transition to a new administration and consistent with past practice, this fiscal year the FY 2018 Annual Performance Plan should be developed to align with the incoming administration's policies and will be published concurrent with an agency's final FY 2018 congressional budget justification. Agencies will submit to OMB the FY 2018 performance plan components of their budget materials once a new administration (or transition team) is in place.

Exact timelines and guidance for development and publication of the FY 2018 Annual Performance Plan will be communicated to agencies through an OMB memorandum once a new administration is in place. Agencies will submit electronically the rough draft Annual Performance Plan to OMB by posting it on https://max.omb.gov/community/x/C5VxIQ.

Notification to Congress is transmitted electronically by the agency head. When delivering notification to Congress, agencies should also notify the President and OMB Director by posting a copy of the final document on MAX at https://max.omb.gov/community/x/C5VxIQ and a link on Performance.gov. Related submission questions should be emailed to performance@omb.eop.gov.

240.17 How does the Annual Performance Plan relate to the agency's enterprise architecture?

Once an agency's performance plan is established, agencies should ensure that the enterprise architecture planning documents are consistent with achieving the agency goals and objectives. This will require direct

alignment of the capital and enterprise architecture planning efforts to meet the strategic objectives and performance goals in agency strategic and annual performance plans, to the extent that information technology resources are critical to the achievement of those objectives and goals.

SECTION 250—AGENCY PRIORITY GOALS

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250.1 To which agencies does this section apply?

The GPRA Modernization Act requires the 24 Federal agencies covered by the Chief Financial Officers (CFO) Act 1990 to submit Agency Priority Goal (APG) information to OMB and to review progress on the APGs at least on a quarterly basis. The GPRA Modernization Act gives the OMB Director discretion to determine which agencies need or do not need to set Priority Goals.

While non-CFO Act agencies and agency components are not required to set Agency Priority Goals, OMB encourages all agencies to follow the practice of prioritizing the goals they have in their strategic and annual plans and to adopt the measurement and management practices that are established for the Priority Goals. These practices include organization leaders and other managers frequently reviewing progress on specific priorities to figure out how to improve performance and resolve problems.

250.2 What is an Agency Priority Goal?

An Agency Priority Goal (APG) supports improvements in near-term outcomes, customer service, or efficiencies, and advances progress toward longer-term, outcome-focused strategic goals and objectives in the agency's Strategic Plan. It is a near-term result or achievement that leadership wants to accomplish within approximately 24 months that relies predominantly on agency execution to be accomplished, not new legislation or additional funding. Agency Priority Goals reflect the top implementation-focused, performance improvement priorities of agency leadership and the Administration, and therefore do not reflect the full scope of the agency mission.

The need to identify Agency Priority Goals stimulates conversations and requires decisions about agency priorities, trade-offs, measurement, evidence, strategies, timing, and those responsible for leading implementation efforts. At least quarterly reviews of progress on Agency Priority Goals led by agency leaders are intended to keep all levels of the organization focused on the goals and ensure that sufficient time, resources, and attention are allotted to addressing specific problems or opportunities related to the goal.

The identification of a limited number of Agency Priority Goals does not mean that other agency goals are unimportant. Agencies may have important goals in their Strategic Plans or performance plans as well as legislative and policy priorities. They may also have other priorities that do not lend themselves well to specific, measurable, near-term targets. Agencies should consider all agency goals and activities on a spectrum of priority levels and allocate resources and management attention accordingly.

250.3 What primary criteria must agencies use in their setting Agency Priority Goals?

Agency Priority Goals must:

- 1. Advance priorities for agency leadership and the Administration;
- 2. Rely predominantly on strong agency execution to be accomplished, not new legislation or additional funding;
 - Align with the resource levels proposed in the President's Budget (or as appropriated by Congress)
- 3. Support improvements in near-term outcomes, customer service, or efficiencies, and advance progress toward longer-term outcome-focused goals in the agency's Strategic Plan;
 - The submission to OMB demonstrates how the Agency Priority Goal supports a strategic objective included in the agency Strategic Plan
 - The goal statement clearly identifies the problem or opportunity the agency is trying to address and is framed in a way that can be easily understood by the public
- 4. Be able to discern if the goal has been achieved by the end of the 24-month period;
 - The Agency Priority Goal has indicators and quarterly milestones to track progress
 - The goal statement has a clear completion date, target, and indicator(s) (which can be measured or marked by a milestone to gauge progress)
- 5. Be ambitious yet achievable within the 24 month period.

OMB encourages agencies to develop clear and concise goal statements that will drive and easily communicate performance improvement throughout the agency and to external audiences. However, if an

agency strongly believes that multiple targets in the goal statement are integral to achieving the goal or an alternative form performance goal is warranted, the agency should discuss with OMB.

250.4 What additional criteria should agencies consider when developing Agency Priority Goals?

Agencies should consider several additional criteria when developing Agency Priority Goals:

- Objectives set forth in the President's State of the Union Address and Executive Orders;
- The views and priorities of Congress and other stakeholders;
- Whether quarterly reviews are likely to speed progress on the goal (in some instances, only annual data may be available and the use of quarterly milestones is appropriate for the established APG);
- Areas where cross-component or cross-agency coordination is needed to improve outcomes;
- Potential to improve understanding of the agency's impact on people or communities;
- Potential to improve efficiencies by:
 - o Maintaining a level of performance at a lower cost;
 - o Improving performance levels at a lower cost;
 - o Improving performance levels at the same cost;
 - o Improving performance levels to a greater degree than costs are increased; and
 - o Potential to reduce unnecessary overlap and duplication.

Generally, goals should take into account the available evidence, including any available evaluation results, and whether the goals and indicators have been validated through research. This should be well correlated with ultimate outcomes, implications of available research on the appropriateness of the measure, and whether the available research indicates that the use of the measure may encourage negative unintended consequences.

250.5 Do all Agency Priority Goals have to address outcomes?

Agency Priority Goals should support improved outcomes which can include the quality of agency interactions with the public, improvements in the effectiveness or efficiency of agency operations or the achievement of the agency's long-term goals described in its Strategic Plan. When output goals are used, the agency must have appropriately robust evidence demonstrating a link between the output and the outcome goal or well-developed logic showing how progress on the output targets is likely to influence the outcomes, with a plan to confirm the logic over the longer term.

250.6 For what purpose will OMB review selection of the Agency Priority Goals?

OMB will review proposed Agency Priority Goals by the criteria outlined above, as well as for submission completeness, quality, and the ambitiousness of the target. Ultimately, Agency Priority Goals should reflect the priorities of the agency's senior leaders and the Administration, informed by the views of Congress and other stakeholders.

250.7 How many Agency Priority Goals should agencies have?

Agencies should identify between 2 and 8 Agency Priority Goals. When determining the number of goals, each agency should consider:

- Agency mission, size and scope; and
- Input, as appropriate, from congressional authorizers and appropriators, OMB, White House policy councils, program and management leadership, delivery partners, the public, and other key stakeholders.

250.8 What time period do Agency Priority Goals span?

The Agency Priority Goals are two year goals, although they can contribute to longer-term goals. Agencies have the flexibility to describe the longer-term goals in the APG "Overview". Indicators used to track progress against the goals should cover the full fiscal year to the extent possible, and quarterly indicators and/or milestones will follow the fiscal year quarters. Agencies may choose monthly indicators and milestones, if preferred.

250.9 What is the relationship of Agency Priority Goals to the agency Strategic Plan, Annual Performance Plan and Annual Performance Report?

Agency Priority Goals are a subset of an agency's performance goals and should be those that represent the highest implementation priorities of the agency leader and the Administration and are not dependent on new legislation or new funding to accomplish within a 24-month period. In most cases, Agency Priority Goals will directly contribute to the advancement of at least one strategic objective.

Agency Strategic Plans and Annual Performance Plans should reflect agency priorities among activities planned, including incorporation of the Agency Priority Goals. Agencies should discuss progress made in the Annual Performance Report. (See section 210).

250.10 What happens to the old Agency Priority Goals after the two-year performance period has ended and a new set of Agency Priority Goals is established?

The FY 2014-2015 Agency Priority Goals will remain publicly available on Performance.gov. For those goals with lagging data, the website will remain open for updates after the close of the fiscal year until such time that the lagging data has been received and published. Agencies may want to continue to track progress on 'retired' Agency Priority Goals and related indicators as part of their Annual Performance Report as, for example, a performance goal. If progress will no longer be tracked as a priority in the Annual Performance Plan, at minimum the final results of progress on the goal must be included in the FY 2016 Annual Performance Report and on Performance.gov.

In some cases, agencies may choose to set a new target for an Agency Priority Goal after an initial two-year performance cycle has been completed. When setting new Agency Priority Goals, agencies may opt to reset, reframe, or maintain an existing goal if needed.

250.11 What is the relationship between Agency Priority Goals and the FY 2017 President's Budget?

The process for determining, reviewing, and executing Agency Priority Goals complements the budget process. For example, FY 2016-2017 Agency Priority Goal development is linked to the FY 2017 budget submission process, and agencies are asked to align targets with the resource levels proposed in the FY 2017 President's Budget. If Congress enacts a resource level that differs significantly from the FY 2017 President's Budget, agencies may elect to realign targets with FY 2017 enacted levels. To ensure ongoing

alignment with Administration budget policy, some targets may need to be revised during the 2017 budget process, following annual appropriations, or after the enactment of significant authorizations.

However, agencies should choose Priority Goals that rely predominantly on implementation and do not require new legislative authority or significant additional funding. This does not preclude the agency from selecting a Priority Goal in an area for which the agency is also requesting additional funding; however the success of the goal should not depend on new funding. Agencies can pursue goals that require new legislation or funding, but those goals should be reflected in the strategic and Annual Performance Plans and such requests should be made through normal legislative and budget channels. While the FY 2016-2017 Agency Priority Goal targets were reviewed as part of the FY 2017 budget process, programs supporting Priority Goals are not specifically protected during the FY 2017 budget deliberations.

250.12 What Agency Priority Goal information will be made public?

Information on the FY 2016-2017 Priority Goals will be published on Performance.gov and must also be included in the FY 2016 Annual Performance Report, to include progress made on the FY 2016-2017 goals during FY 2016. Information on the FY 2016-2017 Priority Goals must be included in the final 2016 Annual Performance Report as per the content table in section 210. Progress updates and next steps will continue to be updated each quarter on Performance.gov. (See section 210).

250.13 Are agencies required to include specific quantitative targets within the Agency Priority Goal statement?

Generally, an APG statement will include two sentences – a) an impact statement/header that describes the broader outcome or problem/opportunity being addressed and b) a clear statement of what the agency wants to achieve and start with "By September 30..." followed by a quantitative target. A quantitative target within a goal statement (e.g., how much of what by when, possibly narrowing by indicating where and/or for whom) is strongly encouraged, as it helps the organization focus on specific actions needed to achieve the goal. However, <u>alternative form</u> or qualitative goal statements may be appropriate in certain cases. Such alternative form goal statements may be supported by milestones that make it possible to assess if progress is being made or, in other circumstances, progress across a suite of indicators. Agencies are encouraged to include baseline data in the goal statement (e.g., reduce by 10 percent from a previous year's level of baseline), although goals for which data collection will be initiated but for which the data are not yet available are acceptable, provided dates for initiating or continuing data collection are set as milestones.

250.14 Do all Agency Priority Goals (APGs) have to relate to a Cross-Agency Priority (CAP) Goal?

No. In order for the Federal Government to make progress towards its Cross-Agency Priority Goals, some agencies will have goals that contribute to the CAP Goal, but not all Agency Priority Goals will directly contribute to a CAP Goal.

250.15 When should agencies begin developing FY 2018-2019 Agency Priority Goals?

OMB, agencies, the Performance Improvement Council and relevant policy councils will establish new Agency Priority Goals with release of the FY 2019 President's Budget in February 2018.

Date	Action
June 2, 2017	Provide OMB with FY 2018-2019 draft goal areas.
June 30, 2017	Agencies will have received feedback from the OMB.

Date	Action
September, 2017 (concurrent with Budget submission)	Agencies must submit draft FY 2018-2019 full actions plans in Performance.gov.
October, 2017	FY 2016-2017 goal period ends, and goals are archived.
November 13, 2017	FY 2016-2017 draft Q4 quarterly performance updates are submitted for clearance.
December 14, 2017	Archive of FY 2016-2017 goals is published with final quarterly performance update.
January 12, 2018	FY 2018-2019 goals begin final clearance on Performance.gov.
February, 2018 (concurrent with Budget publication)	FY 2018-2019 goals and full action plans are published on Performance.gov, including Q1 quarterly performance update.

250.16 How much external stakeholder engagement is expected in Agency Priority Goals development?

Agencies are encouraged to consult with Congress, OMB and both Federal and non-Federal stakeholders early in the process, beginning in early summer 2017, and discuss possible goal areas before goals are finalized. Agencies should consider stakeholder perspectives when formulating their goals. If stakeholder engagement is a significant barrier, this should be discussed with OMB. Agencies should keep in mind the importance of engaging stakeholders who will be critical to the success of agency efforts, such as bureaus, employees, and delivery partners.

250.17 How should agencies engage Congress in the Agency Priority Goals development process?

Agencies should work with their legislative affairs offices to determine the best ways to consult with Congress on their Priority Goal areas, in advance of defining Agency Priority Goals with OMB. Agencies should consult with Congress, obtaining both majority and minority views from the appropriate authorizing, appropriations, and oversight committees, on Priority Goal issue areas, generally prior to submitting action plans, but should consult with the OMB examiner while planning for the timing of congressional outreach. Agencies may find it easiest to start discussions about the next set of Agency Priority Goals in the context of providing Congress an update on progress on the current set of APGs.

250.18 Can Agency Priority Goals be changed after they have been approved and published? If so, by what criteria and process?

In general, after they have been approved and published Agency Priority Goals should only be changed in exceptional circumstances. The possibility of missing a target is not a justification for a goal change. Possible justifications for a change include:

- The agency wants to make the goal more ambitious;
- The original goal included an error;
- Intervening events have had a significant impact on the agency's ability to accomplish the goal; or
- Enacted appropriations significantly changed the amount of funding available from levels projected during the goal setting process.

Proposed changes must be submitted in writing from the agency goal leader with the approval of the agency's Chief Operating Officer and Performance Improvement Officer. The goal change request will be directed to the OMB Chief Performance Office/Deputy Director for Management, the OMB Associate Director for Performance and Personnel Management and the relevant OMB Program Associate Director. Copies should be provided to the relevant OMB Deputy Associate Director(s), Branch Chief(s) and performance@omb.eop.gov. The letter should explain why the goal change is needed, what has changed since the goal was published concurrent with the President's Budget, why it is necessary to make the change and how the change will be explained to the public. Agencies will also have to post a short summary of the reasoning for a goal change on Performance.gov.

250.19 What information will be published on the FY 2016-2017 Agency Priority Goals on Performance.gov?

See section <u>210</u> and data elements posted at https://max.omb.gov/community/x/oCFfJw for content that are published on Performance.gov. Agencies will report progress to OMB on each APG six weeks after the end of each quarter, covering the period of the most recent quarter closed. See section 200 for expected publication timeframes for the FY 2016-2017 APG cohort with more detail for Performance.gov. Agency Priority Goal information from previous cycles will remain available to the public on Performance.gov.

SECTION 260—ANNUAL PERFORMANCE REPORTING

What is the Annual Performance Report (APR)?

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The GPRA Modernization Act requires "more frequent updates of actual performance on indicators that provide data of significant value to the Government, Congress, or program partners at a reasonable level of administrative burden." How will agencies meet this

requirement?

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- The GPRA Modernization Act requires each agency to make available on the web an update on agency performance. When are agencies required to publish the Annual Performance Report?
- How are agencies expected to work with OMB or Congress in the preparation of the performance report?
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Summary of Changes

Describes Annual Performance Report to be published with final agency FY 2018 congressional budget justifications once a new administration is in place.

260.1 What is the Annual Performance Report (APR)?

The Annual Performance Report (APR) provides information on the agency's progress achieving the goals and objectives described in the agency's Strategic Plan and Annual Performance Plan, including progress on strategic objectives, performance goals and Agency Priority Goals. The term Annual Performance Report means the same as the performance section of the Performance and Accountability Report (PAR) published by agencies in November or the Annual Performance Report that is published by agencies in February.

260.2 The GPRA Modernization Act requires "more frequent updates of actual performance on indicators that provide data of significant value to the Government, Congress, or program partners at a reasonable level of administrative burden." How will agencies meet this requirement?

Agencies report progress quarterly on Priority Goals on Performance.gov. In addition, Cross-Agency Priority Goal progress is updated quarterly by CAP Goal Leaders in coordination with the PIC, OMB and contributing agencies.

All agencies are encouraged to report performance on their other performance goals more frequently than annually, if cost-effective and valuable. Each agency should determine the areas and kinds of information where more frequent data will lead to better decisions by the public, field offices, and delivery partners that generate more value and/or lower cost. Agencies should use their own websites to provide more frequent

performance updates, where cost effective. See "actionable information/data of significant value" in sections $\frac{200}{40}$ and $\frac{240}{40}$.

260.3 The GPRA Modernization Act requires each agency to make available on the web an update on agency performance. When are agencies required to publish the Annual Performance Report?

Since the passage of the GPRA Modernization Act, agencies have been aligning the annual performance plan and report with the agency's congressional budget justification, both to improve the accessibility and usefulness of agency performance reporting for stakeholders, as well as to reduce the burden of duplicative planning and reporting timelines. Recognizing normal timelines will need to accommodate the transition to a new administration, and consistent with past practice, this fiscal year the FY 2018 Annual Performance Plan should be submitted to align with agency's final FY 2018 congressional budget justification. Agencies should publish their FY 2016 Annual Performance Report with their FY 2018 Annual Performance Plan and final FY 2018 congressional budget justification that will be presented once a new administration is in place (spring 2017 timeframe). Agencies will maintain the flexibility to publish the Annual Performance Report (APR) for FY 2016 on the agency's website as a Performance and Accountability Report (PAR) (November 2016), but are encouraged to produce a combined annual performance plan and report. Agencies will also be required to link to the APR (Performance section only of the PAR) from Performance.gov.

Concurrent with the release of the agency's final FY 2018 congressional budget justifications, large agencies will be required to publish (or update) content from the Strategic Plan, Annual Performance Report, and Annual Performance Plan through Performance.gov. (See section 210 for more information on required content for each deliverable). Exact timelines and guidance for development and publication of the FY 2016 Annual Performance Report and FY 2018 Annual Performance Plan will be communicated to agencies through an OMB memorandum once a new administration is in place.

260.4 How are agencies expected to work with OMB or Congress in the preparation of the performance report?

When preparing an agency-specific Annual Performance Report, agency staff and OMB should discuss the presentation and work out any concerns, if needed, in advance of the submission of the reports to Congress. Agencies are encouraged to reach out to Congress, where possible, to obtain input on how they might improve their communication of performance information to Congress. Agencies should work with their legislative affairs offices to determine the best ways to consult with Congress.

260.5 How do agencies deliver the report to the President, Congress and the public?

For the FY 2016 performance report, agencies should make Annual Performance Reports available on the agency website. In addition, large agencies will also publish the report on Performance.gov by strategic objective. A hyperlink to the agency performance report will be published via Performance.gov for small agencies. For notification to the President and Director of OMB, agencies should post final reports on https://max.omb.gov/community/x/C5VxIQ.

Agencies should notify Congress electronically of the availability of the final Annual Performance Report. The report notification must be from the head of the agency, but may be transmitted electronically by his or her delegate. An agency may add other signatories, such as the Deputy Secretary, Chief Operating Officer, Performance Improvement Officer or Chief Financial Officer, as necessary to the transmittal, thus recognizing a shared responsibility within the agency. Transmittal letters to Congress are addressed to the Speaker of the House of Representatives, the President of the Senate and the President pro tempore of the Senate. Copies of the congressional transmittal are sent electronically, unless otherwise requested in print by Congress, to the chair and ranking minority members of the budget committees, relevant authorization

and oversight committees, appropriation subcommittees, and the chair and ranking minority member of the Senate Committee on Homeland Security and Governmental Affairs and the House Oversight and Government Reform Committee. Agencies should work with their legislative affairs and congressional staff to determine the optimal way to transmit notification to Congress.

If an agency performance update includes any program activity or information that is specifically authorized under criteria established by an Executive Order to be kept secret in the interest of national defense or foreign policy and is properly classified, the head of the agency will make such information available in a classified appendix.

260.6 Are agencies allowed to consolidate the Annual Performance Report with the Annual Performance Plan?

Yes. To streamline agency planning and reporting of performance information for stakeholders and more efficiently manage duplicative planning and reporting timelines, agencies are strongly encouraged, but not required, to consolidate the FY 2018 Annual Performance Plan and the FY 2016 Annual Performance Report. The FY 2016 Performance Report format may be aligned to the strategic plan framework for those agencies combining the APP/APR for publication. However, agencies should still report FY2016 results of performance goals, indicators that will be discontinued, and targets for dropped measures no longer need to be set as a part of the FY 2018 Performance Plan.

Agencies will be required to link to the central website from the agency home page. Large agencies may publish an agency-specific FY 2016 Annual Performance Report on the agency website, but major agencies must also meet the full requirements for publication of the APP/APR through Performance.gov by publishing the content on Performance.gov by strategic objective and supplemental materials (See section 210). If an agency would like to meet all legal requirements through Performance.gov, the agency must contact OMB.

260.7 What does the Annual Performance Report contain?

The APR must address the content established in section 210 but agencies are encouraged to format the FY 2016 Annual Performance Report by strategic objective. Annual Performance Reports should clearly articulate how the work of the agency benefits the public, enable the public to understand the actions agencies have taken to make progress and explain what the agency is doing to improve performance. The Annual Performance Report should include a summary assessment of progress as described in sections 210 and 270 for strategic objectives.

260.8 Other parts of the Annual Performance Report, as applicable

The following parts selectively apply to agencies.

Information on use of non-Federal parties. The GPRA Modernization Act states that preparation of an annual report is an inherently governmental function. However, the report should include an acknowledgment of the role and a brief description of any significant contribution made by a non-Federal entity in supporting preparation of the report.

Classified appendices not available to the public. Agencies that conduct classified activities may prepare a classified appendix for the Annual Performance Plan. Also, if an agency believes that reporting of actual performance will impede goal achievement, a non-public appendix may be prepared for the Annual Performance Report. Agencies should consult with OMB to determine whether such an appendix is necessary.

260.9 Assessing the completeness, reliability and quality of performance data

The GPRA Modernization Act requires agencies to prepare information on the reliability of data presented. Agencies may develop a single data verification and validation appendix used to communicate the agency's approaches, and/or may also choose to provide information about data quality wherever the performance information is communicated (e.g., websites). Agencies should discuss their verification and validation techniques with their respective OMB Resource Management Office, if necessary. The transmittal letter included in Annual Performance Reports must contain an assessment by the agency head of the completeness and reliability of the performance data presented and a description of agency plans to improve completeness, reliability, and quality, where needed.

Data limitations. In order to assess the progress towards achievement of performance goals, the performance data must be appropriately accurate and reliable for intended use. Significant or known data limitations should be identified to include a description of the limitations, the impact they have on goal achievement, and the actions that will be taken to correct the limitations. Performance data need not be perfect to be reliable. Agencies can calibrate the accuracy of the data to the intended use of the data and the cost of improving data quality. At the same time, significant data limitations can lead to bad decisions resulting in lower performance or inaccurate performance assessments. Examples of data limitations include imprecise measurement and recordings, incomplete data, inconsistencies in data collection procedures and data that are too old and/or too infrequently collected to allow quick adjustments of agency action in a timely and cost-effective way.

Verification and validation. Verification and validation of performance data support the general accuracy and reliability of performance information, reduce the risk of inaccurate performance data, and provide a sufficient level of confidence to the Congress and the public that the information presented is credible as appropriate to its intended use. The GAO defines verification as a process of checking or testing performance information to assess other types of errors, such as errors in keying data. The GAO defines validation as an effort to ensure that data are free of systematic error or bias and that what is intended to be measured is actually measured. The GAO information can be found in the GAO publication GAO/GGD-10.1.20 The Results Act, An Evaluator's Guide to Assessing Agency Annual Performance Plans. See also GAO's Verification and Validation of Performance Data.

Agencies should have in place verification and validation (V&V) techniques that will ensure the completeness and reliability of all performance measurement data contained in their Annual Performance Plans and reports as appropriate to the intended use of the data. The guidance that follows provides agencies with a list of reasonable V&V criteria that when applied should increase the level of confidence Congress and the public have in the performance information presented.

Agency internal assessments. Agencies are encouraged to consider the verification and validation factors outlined below.

1. Standards and procedures

- Source data are well defined, documented; definitions are available and used.
- Collection standards are documented/available/used.
- Data reporting schedules are documented/distributed/followed.
- Supporting documentation is maintained and readily available.
- Collection staff are skilled/trained in proper procedures.

2. Data entry and transfer

- Data entry methodology is documented and followed.
- Data are verified as appropriate to the needed level of accuracy.
- Procedures for making changes to previously entered data are documented and followed.
- Data are available when needed for reporting, learning and critical decision making cycles.

• Data entry staff are skilled and trained in proper procedures.

3. Data integrity

- Whenever possible, data should be returned to data suppliers with value added so that data suppliers benefit from the analysis of the data and are engaged to improve its quality over time.
- Third-party measurement is often preferable to self-measurement.
- Administrative data that is used for other purposes and validated by its use can be a source of high-quality performance data at a relatively low cost

4. Data quality and limitations

- Accuracy limits of all data are appropriate to their intended use.
- Data limitations are explained and documented.
- Method for handling anomalous data is established and used, not just to isolate data artifacts but also to search for promising practices to validate and possibly solve problems needing attention.
- Third party evaluations are conducted.
- Use of externally controlled data is documented.

5. Oversight and certifications

- Accountability for data accuracy exists in a responsible employee's performance standards.
- Responsible officials certify that procedures were followed each reporting period.
- Responsible officials certify that data accuracy has been checked each reporting period.

External Assessments. External assessments such as evaluations and peer reviews can be helpful to determine data or information gaps and whether changes in performance trends are attributable, in whole or in part, to agency action or to other factors. Agencies are expected to consider the available evidence, including any available evaluation results, when conducting this analysis. As appropriate, such analysis should consider whether the goals and indicators have been validated through 1) research to be well correlated with ultimate outcomes; 2) implications of available research on the appropriateness of the measure; and 3) the relative strength or weakness of the measure overall. Agencies should determine when and how to complement performance measurement with evaluations or other high-quality external assessments to improve the quality and comprehensiveness of the data being reported.

External Audits. It is important to note the GPRA Modernization Act does not require the use of audits for performance data contained in Annual Performance Plans or reports.

Scope. Because most agencies process a large amount of performance measurement data, agencies should apply judgment when deciding which performance indicators will be verified and validated. Agencies should consider priorities, spending, GAO high risk lists, IG reports and management challenges.

Frequency of Validation and Verification. Agencies should determine the appropriate frequency of validation and verification needed for the intended use and should allocate appropriate resources to carry out validation and verification on an appropriately periodic basis. Data presented annually should typically be validated annually or biennially.

Agency Head Responsibility. Agency heads are officially accountable for the accuracy and reliability of performance data. The agency head shall include in the transmittal letter of the agency's APR a brief statement on the completeness and reliability of the performance data, and on what data limitations exist.

SECTION 270—PERFORMANCE AND STRATEGIC REVIEWS

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Updates Enterprise Risk Management policy and describes its relationship to strategic reviews.

270.1 To which agencies does this section apply?

All agencies are required to conduct frequent data-driven performance reviews and strategic reviews, which are addressed in this section. All agencies must follow the public reporting guidelines defined in section 210 for strategic plans, Annual Performance Plans and Annual Performance Reports which will include a progress update by strategic objective. Additionally, all agencies will be required to implement Enterprise Risk Management guidance found in OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control, as appropriate for the agency mission and in accordance with agency-specific programs.

However, only the large agencies that are required to publish Agency Priority Goals on Performance.gov must conduct strategic reviews to meet the specific standards included in this section, which include submitting the Summary of Findings to OMB for consultation on the strategic review in May.

270.2 What is the purpose of this section?

This section provides agency guidance on:

- <u>Frequent Data-Driven Reviews (270.3–270.7)</u>: At least quarterly, agency leaders should run data-driven performance reviews on their organization's priorities to drive progress toward achieving their goals. COOs must run at least quarterly, data-driven reviews on each of the Agency Priority Goals with agency goal leaders or their designees. Many agencies opt to run these reviews on a more frequent cycle, every six weeks or every month, on every Agency Priority Goal or with every bureau/component. Data-driven reviews can be used to drive progress on specific mission delivery or management issues.
- <u>Strategic Reviews (270.8–270.23):</u> Annually, agency leaders should review progress on each of the agency's strategic objectives established by the agency Strategic Plans and updated annually in the Annual Performance Plan. These reviews should inform strategic decision-making, budget formulation, and near-term agency actions, as well as preparation of the Annual Performance Plan and Annual Performance Report.
- Enterprise Risk Management (270.24-270.29): Agencies should assess and manage risk as a part of strategic and data-driven reviews in support of the broader organizational risk management framework, as appropriate for their missions, and in accordance with OMB Circular A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. Guidance found in Part 6 sections 270.24-270.29 complements OMB Circular A-123. Agencies should refer to OMB Circular A-123 for a complete description of Enterprise Risk Management responsibilities in the Federal Government.

In addition to these reviews, OMB, with the support of the Performance Improvement Council (PIC), will conduct quarterly reviews on the Cross-Agency Priority Goals (CAP Goals) as required by the GPRA Modernization Act. OMB and the PIC will work directly with agencies as appropriate regarding these reviews. (See section 220).

PERFORMANCE REVIEWS

270.3 What is the purpose of frequent data-driven performance reviews?

Conducting routine, data-driven performance reviews led by agency leaders on a limited set of the agency's performance improvement priorities is a management practice proven to produce better results. Regular reviews provide a mechanism for agency leaders to review the organization's performance and bring together the people, resources, and analysis needed to drive progress on agency priorities, both mission-focused and management goals. Frequent data-driven performance reviews should reinforce the agency's

priorities and establish an agency culture of continuous learning and improvement, sending a signal throughout the organization that agency leaders are focused on effective and efficient implementation to improve the delivery of results. Frequent reviews provide a mechanism for agency leaders to keep an agency focused on an identified set of priorities, diagnose problems, and opportunities through an analysis of disaggregated data, learn from past experience, and decide next steps to increase performance and productivity.

By engaging in data-driven reviews, agencies will be able to identify, plan, and potentially improve existing human capital practices to support mission goals and strategic objectives, in particular. Agencies are strongly encouraged to plan for and invest in the capital resources needed to conduct useful data-driven reviews. Specifically, agencies should, as a part of a continuous feedback and process improvement effort, use the results from the Human Capital Evaluation Framework to identify areas where improvements to human capital policies and programs are needed to ensure program success.

270.4 What frequent data-driven performance reviews are required?

The 24 agencies required to publish Agency Priority Goals on Performance.gov are required by the GPRA Modernization Act to conduct performance reviews on their APGs at least once a quarter. While quarterly priority progress reviews must cover APGs, agencies may expand the reviews to include other goals, priorities, and management areas.

Agencies not required to publish APGs on Performance.gov should establish routine data-driven performance reviews consistent with this guidance, but are not required to submit quarterly performance updates to OMB at this time.

270.5 How should frequent data-driven performance reviews be conducted?

Agencies are encouraged to experiment and leverage the experience of others in refining their performance review process. The PIC has established a community of practice to support cross-agency learning on data-driven reviews. Agencies that have not been engaged to date are encouraged to participate.

Agencies can design the performance review process to fit the agency's mission, leadership preferences, organizational structure, and culture. However, the agency head and/or COO, with support of the PIO and his/her office, should:

- Review with the appropriate goal leader the progress achieved during the most recent quarter, overall trend data, and the likelihood of meeting the planned level of performance.
- Hold goal leaders accountable for knowing whether or not their performance indicators are trending in the right direction at a reasonable speed and, if they are not, for understanding why they are not and for having a plan to accelerate progress on the goal.
- Hold goal leaders accountable for knowing the quality of their data, for having a plan to improve it if necessary, and for filling critical evidence or other information gaps.
- Hold goal leaders accountable for identifying effective practices by searching the literature and engaging with their research or evaluation unit to identify practices that have evidence of effectiveness based on rigorous data, identifying and testing promising approaches, looking for benchmarks, and analyzing disaggregated data to find positive outliers across performance units.
- Hold goal leaders accountable for validating promising practices with replication demonstrations or other evidence-based methods.

- Review variations in performance trends across the organization and delivery partners, identify possible reasons for the variance, and understand whether the variance points to promising practices or problems needing greater attention.
- Include evaluation staff to share and review performance information and evaluation findings, to better understand performance issues that evaluation and research studies can help to address, and develop a plan to answer those questions and refine performance measures and indicators.
- Include, as appropriate, relevant personnel within and outside the agency who contribute to the accomplishment of each Agency Priority Goal (or other priority).
- Support the goal leaders in assuring other organizations and programs are contributing as expected to Agency Priority Goals (or other priorities).
- Identify Agency Priority Goals (or other priorities) at risk of not achieving the planned level of performance and work with goal leaders to identify strategies that support performance improvement.
- Encourage a meaningful dialogue around what works, what does not, and the best way to move forward on the organization's top priorities, using a variety of appropriate analytical and evaluation methods.
- Establish an environment that promotes learning and sharing openly about successes and challenges.
- Agree on follow-up actions at each meeting and track timely follow-through.

Generally, agencies should consider how best to maximize the time of senior leadership and staff by prioritizing mission and management issues for regular performance reviews and determining at what level of the organization various types of performance reviews should be conducted.

270.6 Can frequent, data-driven performance reviews be conducted through written documents?

No. Agency leaders should use performance reviews as an opportunity to engage those involved in all levels of program delivery. Significant experience at Federal agencies, states, localities, and other countries demonstrates that in-person engagement of senior leaders greatly accelerates learning and performance improvement. The personal engagement of agency leaders demonstrates commitment to improvement across the organization, ensures coordination across agency silos, and enables rapid-decision making.

In-person reviews may be conducted by gathering agency participants in one location or through teleconferencing. In very rare circumstances, written communications may replace an in-person review but should only be a stopgap means to assure frequent reviews in a process that otherwise primarily operates in-person.

270.7 What information from the frequent data-driven performance reviews must be made public?

In general, frequent data-driven performance reviews are considered internal agency deliberation, conducted in a way that supports candid and open dialogue between agency leaders and those responsible for program delivery at multiple levels of the organization. Agencies may determine that selected analyses from these reviews are meaningful to agency stakeholders, delivery partners and the public, and therefore could be shared more broadly, where appropriate, if useful.

All agencies that established Agency Priority Goals published on Performance.gov must provide a summary of progress on each APG approximately six weeks after the end of each quarter for the most recent completed quarter. These summaries should describe progress on the Priority Goal during the most recent

quarter, problems encountered and plans for improvement in the next quarter, and when final results will be published on Performance.gov. See sections <u>210</u> for content that will be published on Performance.gov and <u>200</u> for the timeline.

STRATEGIC REVIEWS

270.8 What reviews are required on an annual basis for agency strategic objectives?

The GPRA Modernization Act 2010 Section 1116(f) requires a review of the performance goals and objectives of each Federal agency to be conducted on an annual basis. Using the agency Strategic Plan, agency leaders assess progress on mission, management, and crosscutting strategic objectives. The assessment considers performance goals and other indicators the agency tracks for each strategic objective, as well as challenges, risks, external factors, and other events that may have affected the outcomes. OMB works with agencies to determine which strategic objectives require focused improvement relative to other strategic objectives.

This section includes guidance to agencies on the conduct of reviews of strategic objectives. All agencies will maintain the information normally reported in Annual Performance Reports on performance goals met or not met which provides Congress and the public information required by 1116(f). In FY 2014, OMB began tracking the strategic objectives identified as required by sections 1116(g-i) of the GPRA Modernization Act, and will work closely with agencies to ensure appropriate information is included in the FY 2018 President's Budget, Performance.gov, FY 2018 Annual Performance Plans and FY 2016 Annual Performance Reports.

270.9 What is the purpose of the strategic review?

The strategic review should serve as an annual assessment of progress being made to improve program outcomes, assess whether the agency is using the best measures to identify progress on program outcomes, and look at opportunities for productivity gains using a variety of analytical, research, and evaluation methods to support the assessment. The results of these reviews should inform many of the decision-making processes at the agency, as well as decision-making by the agency's stakeholders. The reviews should:

- Inform long-term strategy: Inform long-term strategic decision-making by agency leadership and key stakeholders, including OMB and Congress; and inform the development of the Strategic Plan at the beginning of each new Administration. Strategic foresight methodologies, conceptualized as the capacity to think systematically about the future to inform strategy development, represent one such approach to inform long-term decision-making and can be used as a planning tool to prepare for change. Agencies are encouraged to think and, where applicable, apply core elements of strategic foresight as a part of their review process, including framing, environmental scanning, forecasting potential, identifying probable and plausible future scenarios, and using those scenarios to inform the development of strategic actions.
- Inform annual planning and budget formulation: Inform development of the Annual Performance Plan, inform budget formulation within the agency and provide strategic context for Congress to consider the agency budget request.
- Facilitate identification and adoption of opportunities for improvement, including risk management: Use analyses and evaluation to identify areas where agencies are making progress, facilitate learning and the identification of best practices, and identify the areas where agencies face challenges in achieving strategic objectives that require additional leadership attention or a reassessment of the agency strategy.

- Identify areas where additional evaluation, other studies or analyses of performance data are needed to determine effectiveness or set priorities: Inform agencies where to focus limited resources available for program evaluations and other studies, and encourage an evidence structure which will inform strategic decisions facing the agency.
- Identify where additional skills or other capacity are needed: Inform agencies where skill or capacity gaps exist that impede progress on agency goals. Capacity gaps can be related to human resources, organizational processes, or evidence-building infrastructure like high-quality data validation systems for high-value administrative data. The agency should incorporate strategic objectives in individuals' performance planning and appraisal processes and rewarding contributions to the advancement of strategy, where appropriate.
- Improve decision-making response time: The annual review facilitates strategic changes due to emerging trends, events, and external factors in a timely manner.
- Strengthen collaboration on crosscutting issues: Support agencies in identifying and addressing crosscutting challenges or fragmentation.
- **Improve transparency:** Provide information to the public on progress toward achieving the agency's mission.

270.10 How should progress on each strategic objective be assessed?

Agencies should develop a process fitting for the nature of the programs and activities that the agency operates, which considers multiple perspectives and sources of evidence to understand the progress made on each strategic objective. Progress toward achieving individual quantitative performance goals related to the strategic objective is one important consideration, but alone is not representative of the scope, complexity, or external factors that can influence program results and outcomes toward which Federal agencies are working. When reviewing progress on each strategic objective, agencies should at a minimum, consider:

- if desired changes have occurred in the ultimate outcomes the agency seeks to improve and whether these outcomes are directly measureable or must be assessed through proxies or other means of evaluation;
- progress made by the agency toward the performance goals established in the most recent Annual Performance Plan that relate to the strategic objective, including both outcome indicators and output indicators;
- evaluations, research studies, data and policy analysis or other assessments relevant to the strategic objective or the related programs;
- external factors affecting the strategic objective, including existing and likely changes in the operating environment, the size of program demand, or challenges faced during program execution;
- benchmarking information from others trying to accomplish the same or similar objectives or using the same or similar key process;
- lessons learned from past efforts to continuously improve service delivery and resolve management challenges, especially in coordinating across organization components and with delivery partners;
- effectiveness of coordination and collaboration across organizational boundaries and with delivery partners including management milestones met;

- identification, assessment and prioritization of probable risks that may impact program delivery or outcomes significantly in the coming year or two;
- effectiveness of scaling efforts; and
- budgetary, regulatory or legislative constraints that may have an impact on progress.

270.11 What methodology should agencies use to conduct strategic reviews?

Agencies are strongly encouraged to leverage existing decision-making processes to conduct the strategic review. The strategic reviews, in most cases, should be integrated into existing agency management processes, such as the budget development process, in order to raise key decisions, issues and analysis to agency leadership. The agency should use a tailored approach that is appropriate for the nature of the agency's programs, operations and strategic objectives and evidence available. The agency PIO should work with the COO, component heads, and program managers to establish a process for the annual review on strategic objectives, considering the agency's existing, effective management systems.

In many cases analysis on individual strategic objectives should be conducted at the objective lead level with support from bureaus or programs, and with guidance from the agency PIO. For credit programs, the analysis should align with program review requirements in OMB Circular A-129. The PIO's office will then conduct the analysis across strategic objectives. The COO should then review the decisions, agree to changes in strategy, and prioritize proposals for consideration during the budget and performance plan development. To the extent possible, the PIO should leverage and strengthen bureau-level data-driven review processes when developing the strategic reviews. To support the identification, assessment and prioritization of probable risks that may impact program delivery or outcomes and are likely to impact the strategic objectives, agencies should coordinate Enterprise Risk Management efforts with strategic reviews.

The approach for conducting the strategic review should be refined each year based on the prior year's review process considering the timing, roles, responsibilities, sources of evidence as well as how the agency identifies areas for focused improvement or areas of noteworthy progress. The agency's approach to the strategic reviews should maintain a maturity model for future improvements to the strategic reviews.

OMB will continue to work closely with agencies to refine review methodologies and maturity models, and will provide additional guidance through interagency working group sessions and direct engagement with major agencies.

270.12 What period of performance will be assessed?

Strategic reviews permit agencies to annually assess progress using the most recent evidence available at the time of the assessment. While this year's final assessment will be updated with the results of fiscal year 2016 performance goals and indicators, the initial baseline assessment should use the most recent sources of quantitative and qualitative evidence available, and therefore, will likely not include results of FY 2016 performance goals and indicators until closer to the publication of the Annual Performance Report. Agencies are encouraged to use historical trend data, evaluations, research studies or other policy and risk analyses. When identifying the objectives facing challenges, agencies should also consider future opportunities and risks that are likely to impact the strategic objective in the coming year or two along with the existing agency capacity to mitigate those risks.

270.13 How should agencies categorize progress on each strategic objective?

The relative assessment of progress for an agency's strategic objectives requires analysis across multiple perspectives and sources of evidence, both qualitative and quantitative, and as such agency leaders must use their judgment when determining relative levels of progress and appropriate follow-up action for long-term strategic objectives. This is appropriate and necessary given the complexity of analyzing the

performance of Federal programs toward the agency's goals. For the agency's management purposes, agency leaders should develop an appropriate assessment methodology which enables a practical determination if any changes are needed to the strategies being used to achieve the objectives, agency operations or program structure, or resource allocations, including program elimination. At a minimum, these assessments should identify relative levels of performance across the agency's portfolio of all strategic objectives including where the agency made noteworthy progress or where the agency should pursue focused improvement. There are a variety of different scenarios that may make such identification appropriate for a strategic objective relative to the other objectives at the agency. Such scenarios may include:

Areas Demonstrating Noteworthy Progress

- As a result of actions being taken, the intended results or improvements in ultimate outcomes have largely been realized and represent a significant improvement in national welfare.
- New innovations in strategy, program design, risk mitigation, or operations have led to notable improvements in outcomes, risk reductions, and/or cost reductions and promise greater impact in the future.
- Existing strategies and/or operations have proven more effective than projected and have led to notable improvements in outcomes, risk reductions, and/or cost reductions and promise greater impact in the future.
- External factors beyond the scope of agency efforts have led to a significant decrease in the magnitude of the problem being addressed, representing a significant improvement in national welfare.

Focus Areas for Improvement

- Challenges during program execution have resulted in too little impact on program outcomes.
- The ultimate problem the strategic objective seeks to address is growing more quickly than current actions to address it or the actions are not of sufficient magnitude to have a significant impact.
- The current strategies are not having the intended impact on outcomes.
- Actions taken are effective, but costs are currently exceeding benefits.
- Significant risks exist which may impact program delivery or outcomes.

For the Summary of Findings submission to OMB every spring, agencies should conduct a relative assessment and identify 10% to 20% of strategic objectives in to each of these two categories. This will ensure OMB and each agency are able to discuss relative performance across the organization's mission and prioritize analysis and decision-making as well as enable OMB to meet the requirements of Section 1116(f) of the GPRA Modernization Act. Agencies with fewer than 10 strategic objectives should identify at least one strategic objective in each category unless receiving approval from OMB to do otherwise. Categorization of the remaining strategic objectives is not required, as achieving government-wide consistency on finer gradations of progress would require significant investment and would not be cost-effective at the government-wide level.

Initial identification of 10% to 20% of strategic objectives in each of these two categories for deliberation with OMB does not mean that this same number of objectives will ultimately be selected for identification in each of these categories on Performance.gov. Further, categorization of the relative progress made by

agencies on strategic objectives should not be misconstrued to be a relative assessment of the objectives' importance or value over other mission objectives.

270.14 What will agencies do to improve progress on strategic objectives?

After reviewing each strategic objective, agencies must determine what actions should be taken to maintain or improve progress on the strategic objectives and must incorporate those decisions and implementation activities into the next Annual Performance Plan or other operating plans. In addition, the agency should consider what administrative actions, budget, legislative, or policy proposals must be included in the President's Budget or the agency's Congressional Budget Justification for congressional consideration.

270.15 What is OMB's role in the strategic review?

OMB will play three primary roles related to the strategic reviews. OMB will:

- Work with agencies to maintain an appropriate review methodology and offer suggestions to potentially improve the agency's review process over time. OMB works with agencies to develop the strategic review approach over time to better evaluate progress on mission outcomes using the strategic objectives established with the Strategic Plan. This will broaden the implementation of Section 1116(f) to focus primarily on the relative assessment of agency strategic objectives, while also continuing normal reporting on performance goals and indicators.
- Review the agency's Summary of Findings and supporting information for each strategic objective resulting from the agency's strategic review to focus on the systematic identification of the need for strategy revisions and risk mitigation. OMB will discuss with the agency what budget, administrative or legislative proposals resulting from the assessment may be appropriate to drive further progress. OMB will also assess if the agency provided reasonably sufficient evidence to support the assessment. Where sufficient evidence is not available, OMB will work with the agency to determine if building capacity for gathering evidence would be cost-effective.
- Review the agency's progress update prior to publication of results in the Annual Performance Report, as well as plans communicated in Congressional Justifications, and Annual Performance Plans to ensure assessments and improvement actions align with Administration policy and President's Budget.

270.16 What information will be submitted to OMB?

Agencies will provide OMB a Summary of Findings for each strategic objective by June 2, 2017. This submission will be aligned with submission of the agency's FYs 2018-2022 Strategic Plan initial draft (see section 230) and foster dialogue between OMB and agencies, and across agencies as needed, in the spring and summer for agency consideration during budget formulation and strategic plan development. The Summary of Findings will provide a preliminary overview of relative progress and learning from the agency's strategic review. For each strategic objective, the agency will present key analysis, conclusions, risks, and proposals under consideration. The agency will also identify areas of relative progress and challenges for each strategic objective.

OMB's primary focus will be on the learning that has occurred to date, identifying outstanding key analytical questions that may need to be addressed, and discussing priorities for the submission of budget, administrative or legislative proposals as related to formulation of the President's Budget. This dialogue will be at a strategic level, and is designed to inform, not replace, the agency's budget submission to OMB. The format for the Summary of Findings should be tailored to the agency, and should be discussed with OMB, as needed. The Summary of Findings will not be published; however, the discussions between OMB and the agency on the Summary of Findings will inform decisions resulting from the strategic review and

will inform the required content to be published in the congressional justifications, Annual Performance Plan and Annual Performance Report with the FY 2019 Budget.

270.17 What information will be published from the strategic reviews?

Agencies are required to publish a brief, narrative progress update in the Annual Performance Report for each strategic objective and will also include this progress update on Performance.gov. The Annual Performance Plan should address plans to improve performance, noting key actions which will be taken over the course of the next year, as well as the longer-term plan for performance improvement, if appropriate. See section 210 for content that should be included in the Annual Performance Plan and Annual Performance Report on strategic objectives.

Prior to publication in the FY 2016 Annual Performance Report, agencies will provide in draft, as a part of the budget submission for a new Administration, a progress update for every strategic objective resulting from the agency's strategic review. The progress update narrative must include the following for every strategic objective:

- A brief summary of what progress was made
- A brief explanation of the achievements made or challenges (e.g., strategy, external factors, human capital or other management) that have impeded progress on the strategic objective

To keep the progress update short, the agency should use hyperlinks, citations or footnotes to supporting evidence or external links if available, such as published analyses, evaluations, research studies, historical trends on performance goals and other indicators, milestones, external factors, or other independent assessments that support the summary or are relevant to problems or opportunities discussed.

Based on the agency's relative assessment, a subset of the strategic objectives should be identified as either making "noteworthy progress" or requiring "focused improvement". The first sentence of the progress update for these strategic objectives must include one of the following two phrases:

- "The [agency name], in consultation with the Office of Management and Budget, has determined that performance toward this objective is making noteworthy progress"
- "The [agency name], in consultation with the Office of Management and Budget, has highlighted this objective as a focus area for improvement."

Among next steps, the agency must ensure the FY 2018 Annual Performance Plan includes at a minimum:

- the agency's summary of plans to improve or maintain performance
- key milestones planned for the next year with completion dates
- if applicable, the agency's effort to close evidence gaps where information is not sufficient (including proposed research questions or proposed evaluations, as appropriate)

270.18 Because of their outcome-oriented nature, strategic objectives may be affected by factors beyond the agency's control. What are agencies held accountable for?

Agency leaders at all levels of the organization are accountable for choosing strategic objectives wisely and for monitoring agency performance on those outcome-oriented objectives. Wise selection of strategic objectives reflects a careful analysis of the characteristics of the problems and opportunities an agency seeks to influence to advance its mission, factors affecting those outcomes, and agency capacity and priorities. OMB expects agencies to make progress on most strategic objectives, to understand the impact of external factors, and delivery-partner collaboration, and to have reasonable improvement plans to support the more challenging objectives. Agencies are accountable for constantly striving to achieve meaningful progress and finding lower-cost ways to achieve positive results.

270.19 What actions will be taken by the agency and OMB if a particular performance goal was not met? What actions will be taken by the agency and OMB if a particular strategic objective requires focused improvement?

Sections 1116(g-i) of the GPRA Modernization Act establish a framework for the Executive Branch to engage Congress on objectives that are not meeting a planned level of performance. OMB will work closely with agencies to ensure appropriate follow up actions are included in the Annual Performance Plan and as part of the President's Budget if applicable. This may include major reforms, legislative proposals, and program reductions, eliminations or investments depending on the nature of the challenge and the needed improvement actions.

When strategic objectives have been determined by the agency and OMB as requiring focused improvement for multiple, consecutive fiscal years, the agency and OMB are required by law to take progressive actions each year. The Annual Performance Plans and Congressional Justifications will incorporate improvement actions determined by the agency in consultation with OMB, by publishing changes to strategies, progress updates and next steps for each strategic objective in the Annual Performance Plan and Report as directed in A-11 Section 210. Because many of the actions required by the GPRA Modernization Act are appropriate actions to take for all strategic objectives, OMB will continue to consider proposing recommendations to Congress even on those strategic objectives that are making progress, but where such actions could improve Federal performance.

270.20 What if there is not enough information to determine how the agency is progressing on a particular objective, or if the evidence available is inconsistent, making it difficult to draw a conclusion about progress?

Due to the complex nature of the outcomes government is working to impact and the agency's capacity to impact those outcomes, in certain cases an agency may not have enough consistent evidence to characterize progress or data may be lagging. If the lack of or inconsistent evidence makes it impossible to summarize progress on a particular strategic objective, the agency should explain the status of the objective as best possible in the progress update while noting the relative strength of the evidence in either direction.

In considering the potential risks or impacts of inconsistent or unavailable information, the agency should determine, in consultation with OMB, the appropriate next steps for cost-effective investments in evaluation, research studies, data collection, or administrative potential actions that could mitigate potential risks and/or close the information gaps. Objectives where inconsistent or unavailable information poses a relatively high risk and high impact to an outcome should be considered for addition to the agency's objectives facing challenges.

270.21 When must information be provided to OMB?

Agencies began the third strategic review in early 2016, and provided OMB a Summary of Findings in May 2016. The next strategic review will begin at agencies in early calendar year 2017 to prepare to submit a Summary of Findings to OMB in June 2017. For the 2017 strategic review, agencies should include a discussion of the key findings from their Initial Risk Profile as a component of their Summary of Findings (see OMB Circular A-123). As agencies and OMB deliberate budget formulation and gather year-end results of performance goals and indicators, the agency will refine the progress update for publication in the FY 2017 Annual Performance Report as well as improvement plans for the FY 2019 Annual Performance Plan.

Timeline (See section 200 for specific dates).

Date	Activity			
February-May 2016	Agency begins internal review on each strategic objective of their FYs 2014-2018 Strategic Plan			
May-June 2016	Agencies provide OMB a Summary of Findings for each strategic objective			
July-September 2016	OMB provides initial feedback on Summary of Findings			
February-May 2017	Agency begins internal review on each strategic objective of their FYs 2014-2018 Strategic Plan			
March-May 2017*	*FY 2018 Annual Performance Plan *FY 2016 Annual Performance Report containing progress updates for each strategic objective			
June 2, 2017	Agencies provide OMB a Summary of Findings for each strategic objective that includes discussion of agency risk profile assessment Agencies submit to OMB initial draft Strategic Plan for FYs 2018-2022 (see Section 230)			
June 30, 2017	Agencies will have received initial feedback from OMB on initial draft Strategic Plan			
September 2017	Agencies submit full draft of Strategic Plan			
November 2017	Agencies will have received feedback from OMB on full draft of Strategic Plan			
December 22, 2017	Final draft Strategic Plan submitted to OMB for clearance			
February 2018	Agencies publish FYs 2018-2022 Strategic Plan concurrent with FY 2019 President's Budget			

^{*}Agencies will develop draft FY 2018 Annual Performance Plan with budget materials to align with the incoming administration's policies. Progress updates for each strategic objective from 2016 Strategic Reviews will be incorporated into the draft FY 2016 Annual Performance Report.

Agencies will publish FY 2018 Annual Performance Plan including improvement actions, and FY 2016 Annual Performance Report containing progress updates for each strategic objective, with their final FY 2018 congressional budget justifications at the beginning of the next administration in the spring 2017 timeframe. Exact timelines and guidance for development and publication of the FY 2018 Annual Performance Plan / FY 2016 Annual Performance Report will be communicated to agencies through an OMB memorandum once a new administration is in place.

270.22 In what kind of circumstances can agencies change a strategic objective in between the strategic plan updates every four years?

Agencies may modify strategic objectives annually during the development of the agency Annual Performance Plan, however should not make significant changes to the objectives unless emerging trends, budget, implementation learning or external factors require a change. Some examples of reasons to change a strategic objective may be, but are not limited to:

- Significant budget or other resource reduction
- Significant program, legislative or policy change
- Unexpected external factors that require significant response or change in priorities by the agency

270.23 How will agency and OMB track progress on a strategic objective that was changed in between strategic plan updates every four years?

If a strategic objective is dropped, added or modified significantly in between the four year updates to the strategic plan, the agency must notify and obtain concurrence from OMB to make the change by submitting a justification to performance@omb.eop.gov. In addition, the agency will summarize the modifications to objectives in the Annual Performance Plan, similarly to how changes in performance goals are published, with a brief explanation for the change (See section 210).

ENTERPRISE RISK MANGEMENT

270.24 What is Enterprise Risk Management (ERM)?

Risk is the effect of uncertainty on objectives. Risk management is coordinated activity to direct and control challenges or threats to achieving an organization's goals and objectives. Enterprise risk management (ERM) is an effective agency-wide approach to addressing the full spectrum of the organization's significant risks by understanding the combined impact of risks as an interrelated portfolio, rather than addressing risks only within silos. ERM provides an enterprise-wide, strategically-aligned portfolio view of organizational challenges that provides better insight about how to most effectively prioritize and manage risks to mission delivery. While agencies cannot mitigate all risks related to achieving strategic objectives and performance goals, they should identify, measure, and assess challenges related to mission delivery, to the extent possible.

Effective risk management:

- creates and protects value;
- is an integral part of all organizational processes;
- is part of decision-making;
- explicitly addresses uncertainty;
- is systematic, structured, and timely;
- is based on the best available information;
- is tailored and responsive to the evolving risk profile of the agency;
- takes human and cultural factors into account;
- is transparent and inclusive;
- is dynamic, iterative, and responsive to change;
- facilitates continual improvement of the organization.

270.25 How is ERM relevant to strategic reviews?

Agencies are expected to manage risks and challenges related to delivering the organization's mission. ERM is a strategic discipline that can help agencies to properly identify and manage risks to performance, especially those risks related to achieving strategic objectives. An organizational view of risk positions allows the agency to quickly gauge which risks are directly aligned to achieving strategic objectives, and which have the highest probability of impacting mission. When significant, prioritized risks are vetted and escalated appropriately, challenges and opportunities can be routinely analyzed and incorporated into performance plans. When well executed, ERM improves agency capacity to prioritize efforts, optimize resources, and assess changes in the environment. Instituting ERM can help agency leaders make risk-aware decisions that impact prioritization, performance and resource allocation.

The agency's strategic review is a process by which the agency should coordinate its analysis of risk using ERM to make risk-aware decisions, including the development of risk profiles as a component of the annual strategic review, identifying risks arising from mission and mission-support operations and providing a thoughtful analysis of the risks an agency faces towards achieving its strategic objectives to develop responses that may be used to inform decision-making through existing management processes. The results

of the agency's risk assessment in the risk profile should be discussed each year with OMB as a component of the Summary of Findings from the agency strategic review. See OMB Circular No. A-123.

270.26 What are the key roles of risk managers at an agency?

Enterprise risk managers, who may be referred to as the Chief Risk Officer (CRO) in some agencies, champion agency-wide efforts to manage risk within the agency and advise senior leaders on the strategically-aligned portfolio view of risks at the agency. The responsibilities of managing risk, however, are shared throughout the agency from the highest levels of executive leadership to the service delivery staff executing Federal programs.

While agencies are not required to have a CRO or enterprise risk management function, they are expected to manage risks to mission, goals, and objectives of the agency. Where applicable, a CRO or other person designated with these responsibilities may serve as a strategic advisor to the COO and other staff on the integration of risk management practices into day-to-day business operations and decision-making. An effective enterprise risk manager does the following:

- Develops, manages, coordinates, and oversees a comprehensive system for proactively identifying, prioritizing, monitoring, and communicating an organization's enterprise-wide risks (see OMB Circular No. A-123 for discussion of "Risk Profiles"). Such risks include relevant strategic, operational, financial, and programmatic barriers as well as reputational risks that could interfere with an organization's defined strategic objectives or performance goals.
- Oversees the development and use of a robust set of risk management indicators that are representative of organizational operations and prioritized risks.
- Establishes and provides oversight of policies that enable consistent use of enterprise risk management principles and supports an integrated view of risk across the organization.
- Ensures the incorporation and dissemination of enterprise-wide risk management protocols
 and best practices appropriate for the whole organization to reduce duplication of effort and
 improve agency performance.
- Establishes the procedures for determining the amount of risk an agency will accept or mitigate, including the manner in which these elements of the decision-making process are documented.
- Creates and maintains institutional capacity and accountability for risk management through the exchange of information, knowledge, education and training staff.

270.27 What other guidance does OMB provide agencies regarding risk management concepts discussed in this Circular?

OMB provides agencies with guidance related to risk management in some specialized areas.

• OMB Circular No. A-123 Management's Responsibility for Enterprise Risk Management and Internal Control. This Circular defines management's responsibilities for enterprise risk management (ERM) and internal control. The Circular provides updated implementation guidance to Federal managers to improve accountability and effectiveness of Federal programs, as well as mission support operations, through implementation of ERM practices and by establishing, maintaining, and assessing internal control effectiveness. The Circular

emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing an Agency.

- Memorandum-07-24 Updated Principles for Risk Analysis. Agency activities designed to
 reduce risks are influenced by numerous factors, including Congressional priorities,
 information on the degree of risk faced by different populations, entities, or individuals,
 resources available, and the ease of implementing chosen priorities. Recognizing the diversity
 of documents that stem from risk analysis techniques, this memo reinforces generally-accepted
 principles for risk analysis related to environmental, health, and safety risks.
- OMB Circular A-129, Policies for Federal Credit Programs and Non-Tax Receivables. Federal credit programs are intended to accomplish a variety of social and economic goals. To support agencies' efforts to effectively and efficiently manage programs, the Circular includes guidance for objectives that agencies should achieve with respect to risk management, data reporting, and use of evidence to improve programs through regular program reviews. It also established the Federal Credit Policy Council, an interagency collaborative forum for identifying and implementing best practices.

SECTION 280—FEDERAL PROGRAM INVENTORY

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Summary of Changes			

Summary of Changes

Describes the requirement to include program information on a single, government-wide performance website. OMB is currently working with agencies to merge the implementation of the DATA Act and the Federal Program Inventory requirements to the extent possible to avoid duplicative efforts. While OMB and agencies determine the right implementation strategy, the initial Federal Program Inventory published 2013 remains available on Performance.gov.

280.1 To which agencies does this section apply?

This section applies to all agencies, as defined in the GPRA Modernization Act (see <u>200.1</u> for details); however, the Federal Program Inventory (FPI) focuses primarily on the program inventories of agencies that were required to identify Agency Priority Goals (APG) on Performance.gov. Agencies that were required to establish APGs established the initial Federal Program Inventory using this guidance.

280.2 What is the purpose of the Federal Program Inventory (FPI)?

A central program list has the potential to facilitate coordination across programs by making it easier to find programs that may contribute to a shared goal, as well as improve public understanding about what Federal programs currently operate and how programs link to budget, performance, and other information. These linkages also provide important context for agency activities. Congress also recognized this need, and passed the GPRA Modernization Act, requiring information for each program identified by agencies to be included on a single, government-wide website consistent with guidance provided by OMB.

280.3 For the purposes of the Federal Program Inventory, what is a program?

GAO defined program in the <u>Glossary of Terms Used in the Budget Process</u> as an organized set of activities directed toward a common purpose or goal that an agency undertakes or proposes to carry out its responsibilities. Within this broad definition, agencies and their stakeholders use the term "program" in different ways. Agencies have widely varying missions and achieve these missions through different programmatic approaches, so differences in the use of the term "program" are legitimate and meaningful. For this reason, this guidance does not prescribe a superseding definition of "program"; rather, consistent with the GPRA Modernization Act, agencies may identify programs consistent with the manner in which the agency uses programs to interact with key stakeholders and to execute its mission.

For instance, agency programs may be defined using one or more of the following approaches:

- Outcomes. Directly attributable to an end result the program is trying to achieve, such as increased exports. Can also be linked to specific functions to accomplish an objective, such as trade enforcement. Can cut across organizational units and/or budget accounts.
- **Customers.** Organized by the focus to provide a service or product to a specific entity or consumer group, such as women-owned small businesses or veterans. Can cut across organizational units and/or budget accounts.
- **Prominent products, services, outputs.** Produces major reports or studies, such as the Consumer Price Index (CPI) and Producer Price Index. May group similar products, services or activities into one program.
- **Organizational structure.** Defined by agency office structure. Offices could focus on specific regions, functions or specialized subject matter such as U.S. Polar Research or Cyberinfrastructure.
- **Budget.** Links closely with the program activity lines in the President's Budget, such as Disaster Recovery or Patents. May align to other budget materials such as the Congressional Budget Justification or internal agency budget/accounting systems. In some instances, a program may be synonymous with its appropriation account title; although it is not presumed that an appropriation is the same as a program.

To meet the requirements of the GPRA Modernization Act, each agency worked with OMB to determine the appropriate primary approach, or mix of approaches, and level of aggregation/disaggregation which should be used as the basis for defining programs for the FPI.

When reviewing the list of programs, agencies considered identifying the following characteristics in determining what a program is:

- Externally recognizable. Agencies should use programs that are or relate to programs or objectives used in Congressional Budget Justifications, statute, are recognized by Congress and stakeholders, or are already publicly known; agencies should use program names that are known outside the agency, and generally not create new names.
- Operationally Meaningful. Agencies should use programs that are operationally meaningful to agency senior leadership and components of the agency. Programs should represent how the agency is managed and delivers on its mission.
- Link to an organizational component(s), such as headquarters, bureau or office. Programs should be operationally meaningful to the agency and agency senior leadership.
- **Persistent.** Generally, programs that persist over time should be included. However, agencies have the flexibility to identify short-term efforts as programs, such as activities related to the Recovery Act.

280.4 Must all components within an agency use the same approach?

No. There may be different valid perspectives for identifying programs within agency components. Agencies had the flexibility to define components' programs within the above guidelines, and discussed the approach with OMB.

280.5 Where can I access the FPI?

Agencies published a list of programs in May 2013 that are available on Performance.gov.

280.6 How should we address administrative functions or salaries & expenses?

Administrative functions and salaries & expenses are within the scope of the program inventory. Similar to other activities, agencies either:

- Map to a program. Associate with one or more programs, such as an HR office that hires specialists for specific program(s).
- **Designate as a program**. Group central office functions that support many or all agency programs, such as the Office of the Secretary.

To the extent possible, agencies mapped administrative functions or salaries & expenses to programs. For the purposes of the FPI, agencies did not have to identify administrative costs or salaries & expenses separate from other expenses.

280.7 When will the Federal Program Inventory be updated?

The initial Federal Program Inventory was published in May 2013. Since that time, Congress passed the DATA Act requiring new public reporting requirements, which impact the definition of program used in this guidance. OMB is currently working with agencies to merge the implementation of the DATA Act and the Federal Program Inventory requirements to the extent possible to avoid duplicative efforts. While OMB and agencies determine the right implementation strategy, the initial Federal Program Inventory remains available on Performance.gov.

280.8 What are the program types?

Agencies used one or more program types for defining each program. The program types are:

- **Direct Federal Programs:** Programs where services are provided primarily by employees of the Federal Government, such as the State Department's Consular Services program.
- **Direct Federal Benefits Programs:** Programs where the Federal Government provides benefits or other payments to individuals, such as the Veteran's Administration disability payment program.
- State-Administered Benefit Programs: Programs where the Federal Government provides funding to States for benefits, reimbursements, or other payments to recipients. Program examples include the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) and Temporary Assistance for Needy Families (TANF).
- Competitive Grant Programs: Programs that provide funds to State, local and tribal governments, organizations, individuals and other entities through a competitive process, such as Health Centers at the Department of Health and Human Services (HHS).
- **Block/Formula Grant Programs:** Programs that provide funds to State, local and tribal governments and other entities by formula or block grant, such as the Department of Energy's (DOE) Weatherization Assistance program and HHS' Foster Care program.

- **Regulatory-Based Programs:** Programs that accomplish their mission through rulemaking that implements, interprets or prescribes law or policy, or describes procedure or practice requirements, such as Small Business Administration's Size Standards program.
- Capital Assets and Public Works Programs: Programs that achieve their goals through development, acquisition, and operation of capital assets (e.g., land, structures, equipment) or the purchase of services (e.g., maintenance, and information technology). Program examples include Navy Shipbuilding and the Bonneville Power Administration.
- **Information Assets Programs:** Programs that achieve their goals through the development, acquisition, analysis, and/or dissemination of information. Program examples include the Census.
- **Service Acquisition Programs:** Programs that achieve their goals through the purchase of services (e.g., maintenance, and information technology).
- **Credit Programs:** Programs that provide support through loans, loan guarantees and direct credit, such as the Export-Import Bank's Long-Term Guarantees program.
- **Insurance Programs:** Programs where the Federal Government provides compensation against the risk of specified loss, damage, illness, or death in return for payment of premiums.
- Research and Development (R&D) Programs: Programs that focus on knowledge creation or its application to the creation of systems, methods, materials, or technologies, such as DOE's Solar Energy and NASA's Solar System Exploration programs.

280.9 What if our programs are already captured in the Catalog of Federal Domestic Assistance (CFDA)?

Agencies were encouraged to leverage existing program lists, including CFDA. However, agencies had the flexibility to identify their programs using a different approach.

SECTION 290—ELIMINATION OF UNNECESSARY AGENCY PLANS AND REPORTS

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- What does the GPRA Modernization Act require with regard to agency reporting on unnecessary reports to Congress?
- What information must agencies provide to OMB, if the agency has modification proposals for Congress?
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- 290.5 What if our agency has few congressional reporting requirements or no new proposals since the last time we submitted information to OMB?
- 290.6 Are agencies required to submit legislation?

Summary of Changes

This section describes requirements for providing a list of agency-proposed unnecessary, outdated or duplicative plans and reports to Congress.

Agencies are required as a part of the September 2017 budget submission to update their list of unnecessary reports.

290.1 What does the GPRA Modernization Act require with regard to agency reporting on unnecessary reports to Congress?

The GPRA Modernization Act requires that based on guidance provided by the Director of the Office of Management and Budget, the Chief Operating Officer at each agency shall:

- 1. compile a list that identifies all plans and reports the agency produces for Congress, in accordance with statutory requirements or as directed in congressional reports (the full list should be readily available to OMB and Congress upon request);
- 2. analyze the list compiled to identify which plans and reports are outdated or duplicative of other required plans and reports, and refine the list to include only the plans and reports identified to be outdated or duplicative;
- 3. consult with the congressional committees that receive the agency-proposed outdated or duplicative plans and reports to determine whether they could be eliminated or consolidated with other plans and reports; and
- 4. provide a total count of plans and reports compiled and the list of outdated and duplicative reports identified to the Director of the Office of Management and Budget.

290.2 What information must agencies provide to OMB, if the agency has modification proposals for Congress?

Agencies are required as a part of the September 2017 budget submission (FY 2019 Budget) to update their list of unnecessary reports. When requested, agencies will be required to provide OMB with the following information on each congressionally-required plan or report modification proposal:

• Title of plan or report used by the agency when providing the report to Congress;

- Statute (or other congressional requirement citation) which mandates the agency to create the report and deliver it to Congress or the public;
- To whom it is delivered in Congress;
- How frequently it is delivered to Congress;
- Proposed recommendation for modifying: elimination, consolidation, streamlining or reduced frequency;
- Brief rationale, (e.g., duplicative, outdated, cost exceeds benefit, or other);
- Justification for rationale that clearly explains why the report was identified as duplicative, outdated, or otherwise in need of modification and is appropriate for publication;
- Hyperlinks or copies of reports that are being proposed for modification or elimination; and
- Hyperlinks or copies of reports that are associated with the report being proposed for modification, such as a report that justifies that another plan or report is duplicative or a report with which content could be streamlined, for example.

290.3 What kind of agency reports should be proposed?

Agencies should include agency-specific plans and reports that are usually reoccurring in nature, rather than one-time reporting requirements. Generally, agencies should not include plans and reports that are required from all agencies (e.g., strategic plans) among the modification or elimination proposals; however, OMB will consider recommendations submitted from agencies for streamlining such government-wide documents. In vetting proposals before providing them to OMB, agencies should be sure to consider legislation that may have eliminated older reporting requirements, such as the Federal Reports Elimination and Sunset Act of 1995, Public Law 104–66.

290.4 How will agencies provide the information to OMB?

When requested, agencies must follow two steps for submitting proposals to OMB by following the instructions and templates for submission that will be posted at https://community.max.gov/x/iQOoJQ:

- 1. Modification proposals will be provided to OMB via MAX Collect on the agency's Performance Portal at https://max.omb.gov/community/x/C5VxIQ.
- 2. The point of contact who is assigned by the COO to coordinate the agency's submission must email official notification to performance@omb.eop.gov that the COO has approved the agency's submission by including the following:
 - a confirmation that the agency's proposed list of modifications to agency reports on the agency's MAX Collect Performance Portal submission page was validated by the agency and approved by the COO;
 - an agency email address to which public inquiries may be directed on the proposed list;
 and
 - a notification as to when the agency consulted Congress on the agency's proposals.

290.5 What if our agency has few congressional reporting requirements or no new proposals since the last time we submitted information to OMB?

When requested, the agency must review the previously-published modification list that is pre-populated in MAX to identify any plans and reports that have been eliminated or modified by Congress. The agency should remove modification proposals that have been addressed by Congress. The agency may choose to resubmit proposals that have not yet been addressed.

If the agency has no new proposals, the agency point of contact who is assigned by the COO to coordinate the agency submission must notify the OMB at performance@omb.eop.gov that the agency Chief Operating Officer has confirmed that the previously-published list has been updated in MAX Collect as needed, and has approved no new modification proposals since the last time the agency provided a list to OMB.

290.6 Are agencies required to submit legislation?

Any modifications of plans or reports that are required by appropriations legislation must be reflected in appropriations language modifications prepared for the purposes of publication of the President's Budget.

For all other modification proposals required by other congressional actions, agencies are encouraged to pursue legislation (or other congressional approval as required) on their list of modification proposals; however, agencies are not required to do so.

CIRCULAR NO. A-11

PART 7

APPENDICES



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
JULY 2016

APPENDIX A—SCOREKEEPING GUIDELINES

These budget scorekeeping guidelines are used by the House and Senate Budget Committees, the Congressional Budget Office, and the Office of Management and Budget (the "scorekeepers") in measuring compliance with the Congressional Budget Act of 1974 (CBA), as amended; the Balanced Budget and Emergency Deficit Control Act of 1985 (BBEDCA), as amended; and the Statutory Pay-As-You-Go Act of 2010. The purpose of the guidelines is to ensure that the scorekeepers measure the effects of legislation on the deficit consistent with established scorekeeping conventions and with the specific requirements in those Acts regarding discretionary spending, direct spending, and receipts. These rules are reviewed periodically by the scorekeepers and revised as necessary to adhere to the purpose. They cannot be changed unless all of the scorekeepers agree. New accounts or activities are classified only after consultation among the scorekeepers. Accounts and activities cannot be reclassified unless all of the scorekeepers agree.

1. Classification of appropriations

A list of appropriations that are normally enacted in appropriations acts is included in the conference report of the Balanced Budget Act of 1997, House Report 105–217, pages 1014–1053. The list identifies appropriated entitlements and other mandatory spending in appropriations acts, and it identifies discretionary appropriations by category.

2. Outlays prior

Outlays from prior-year appropriations will be classified consistent with the discretionary/mandatory classification of the account from which the outlays occur.

3. Direct spending programs

Revenues, entitlements and other mandatory programs (including offsetting receipts) will be scored at current law levels, as defined in section 257 of GRH, unless congressional action modifies the authorizing legislation. Substantive changes to or restrictions on entitlement law or other mandatory spending law in appropriations laws will be scored against the Appropriations Committee's section 302(b) allocations in the House and the Senate. For the purpose of CBA scoring, direct spending savings that are included in both an appropriations bill and a reconciliation bill will be scored to the reconciliation bill and not to the appropriations bill. For scoring under sections 251 or 252 of GRH, such provisions will be scored to the first bill enacted.

4. Transfer of budget authority from a mandatory account to a discretionary account

The transfer of budget authority to a discretionary account will be scored as an increase in discretionary budget authority and outlays in the gaining account. The losing account will not show an offsetting reduction if the account is an entitlement or mandatory program.

5. Permissive transfer authority

Permissive transfers will be assumed to occur (in full or in part) unless sufficient evidence exists to the contrary. Outlays from such transfers will be estimated based on the best information available, primarily historical experience and, where applicable, indications of Executive or congressional intent.

This guideline will apply both to specific transfers (transfers where the gaining and losing accounts and the amounts subject to transfer can be ascertained) and general transfer authority.

6. Reappropriations

Reappropriations of expiring balances of budget authority will be scored as new budget authority in the fiscal year in which the balances become newly available.

7. Advance appropriations

Advance appropriations of budget authority will be scored as new budget authority in the fiscal year in which the funds become newly available for obligation, not when the appropriations are enacted.

8. Rescissions and transfers of unobligated balances

Rescissions of unobligated balances will be scored as reductions in current budget authority and outlays in the year the money is rescinded.

Transfers of unobligated balances will be scored as reductions in current budget authority and outlays in the account from which the funds are being transferred, and as increases in budget authority and outlays in the account to which these funds are being transferred.

In certain instances, these transactions will result in a net negative budget authority amount in the source accounts. For purposes of section 257 of GRH, such amounts of budget authority will be projected at zero. Outlay estimates for both the transferring and receiving accounts will be based on the spending patterns appropriate to the respective accounts.

9. Delay of obligations

Appropriations acts specify a date when funds will become available for obligation. It is this date that determines the year for which new budget authority is scored. In the absence of such a date, the act is assumed to be effective upon enactment.

If a new appropriation provides that a portion of the budget authority shall not be available for obligation until a future fiscal year, that portion shall be treated as an advance appropriation of budget authority. If a law defers existing budget authority (or unobligated balances) from a year in which it was available for obligation to a year in which it was not available for obligation, that law shall be scored as a rescission in the current year and a reappropriation in the year in which obligational authority is extended.

10. Contingent legislation

If the authority to obligate is contingent upon the enactment of a subsequent appropriation, new budget authority and outlays will be scored with the subsequent appropriation. If a discretionary appropriation is contingent on the enactment of a subsequent authorization, new budget authority and outlays will be scored with the appropriation. If a discretionary appropriation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority will be scored with the appropriation, and outlays will be estimated based on the best information about when (or if) the contingency will be met. If direct spending legislation is contingent on the fulfillment of some action by the Executive branch or some other event normally estimated, new budget authority and outlays will be scored based on the best information about when (or if) the contingency will be met. Non-lawmaking contingencies within the control of the Congress are not scoreable events.

11. Scoring purchases

When a law provides the authority for an agency to enter into a contract for the purchase, lease-purchase, capital lease, or operating lease of an asset, budget authority and outlays will be scored as follows:

For lease-purchases and capital leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount of the estimated net present value of the Government's total estimated legal obligations over the life of the contract, except for imputed interest costs calculated at Treasury rates for marketable debt instruments of similar maturity to the lease period and identifiable annual operating expenses that would be paid by the Government as owner (such as utilities, maintenance, and insurance). Property taxes will not be considered to be an operating cost. Imputed interest costs will be classified as mandatory and will not be scored against the legislation or for current level but will count for other purposes.

For operating leases, budget authority will be scored against the legislation in the year in which the budget authority is first made available in the amount necessary to cover the Government's legal obligations. The amount scored will include the estimated total payments expected to arise under the full term of a lease contract or, if the contract will include a cancellation clause, an amount sufficient to cover the lease payments for the first fiscal year during which the contract is in effect, plus an amount sufficient to cover the costs associated with cancellation of the contract. For funds that are self-insuring under existing authority, only budget authority to cover the annual lease payment is required to be scored.

Outlays for a lease-purchase in which the Federal government assumes substantial risk (for example, through an explicit Government guarantee of third party financing) will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for an operating lease, a capital lease, or a lease-purchase in which the private sector retains substantial risk will be spread across the lease period. In all cases, the total amount of outlays scored over time against legislation will equal the amount of budget authority scored against that legislation.

No special rules apply to scoring purchases of assets (whether the asset is existing or is to be manufactured or constructed). Budget authority is scored in the year in which the authority to purchase is first made available in the amount of the Government's estimated legal obligations. Outlays scored will equal the estimated disbursements by the Government based on the particular purchase arrangement, and over time will equal the amount of budget authority scored against that legislation.

Existing contracts will not be rescored.

To distinguish lease purchases and capital leases from operating leases, the following criteria will be used for defining an operating lease:

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease period.
- The lease does not contain a bargain-price purchase option.
- The lease term does not exceed 75 percent of the estimated economic lifetime of the asset.
- The present value of the minimum lease payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the inception of the lease.
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to unique specification for the Government as lessee.
- There is a private-sector market for the asset.

Risks of ownership of the asset should remain with the lessor.

Risk is defined in terms of how governmental in nature the project is. If a project is less governmental in nature, the private-sector risk is considered to be higher. To evaluate the level of private-sector risk associated with a lease-purchase, legislation and lease-purchase contracts will be considered against the following type of illustrative criteria, which indicate ways in which the project is less governmental:

- There should be no provision of Government financing and no explicit Government guarantee of third party financing.
- Risks of ownership of the asset should remain with the lessor unless the Government was at fault for such losses.
- The asset should be a general purpose asset rather than for a special purpose of the Government and should not be built to unique specification for the Government as lessee.
- There should be a private-sector market for the asset.
- The project should not be constructed on Government land.

Language that attempts to waive the Anti-Deficiency Act, or to limit the amount or timing of obligations recorded, does not change the Government's obligations or obligational authority, and so will not affect the scoring of budget authority or outlays.

Unless language that authorizes a project clearly states that no obligations are allowed unless budget authority is provided specifically for that project in an appropriations bill in advance of the obligation, the legislation will be interpreted as providing obligation authority, in an amount to be estimated by the scorekeepers.

12. Write-offs of uncashed checks, unredeemed food stamps, and similar instruments

Exceptional write-offs of uncashed checks, unredeemed food stamps, and similar instruments (i.e., write-offs of cumulative balances that have built up over several years or have been on the books for several years) shall be scored as an adjustment to the means of financing the deficit rather than as an offset. An estimate of write-offs or similar adjustments that are part of a continuing routine process shall be netted against outlays in the year in which the write-off will occur. Such write-offs shall be recorded in the account in which the outlay was originally recorded.

13. Reclassification after an agreement

Except to the extent assumed in a budget agreement, a law that has the effect of altering the classification or scoring of spending and revenues (e.g., from discretionary to mandatory, special fund to revolving fund, on-budget to off-budget, revenue to offsetting receipt), will not be scored as reclassified for the purpose of enforcing a budget agreement.

14. Scoring of receipt increases or direct spending reductions for additional administrative program management expenses

No increase in receipts or decrease in direct spending will be scored as a result of provisions of a law that provides direct spending for administrative or program management activities.

15. Asset sales

If the net financial cost to the Government of an asset sale is zero or negative (a savings), the amount scored shall be the estimated change in receipts and mandatory outlays in each fiscal year on a cost basis. If the

cost to the Government is positive (a loss), the proceeds from the sale shall not be scored for purposes of the CBA or GRH.

The net financial cost to the Federal government of an asset sale shall be the net present value of the cash flows from:

- (1) Estimated proceeds from the asset sale;
- (2) The net effect on Federal revenues, if any, based on special tax treatments specified in the legislation;
- (3) The loss of future offsetting receipts that would otherwise be collected under continued Government ownership (using baseline levels for the projection period and estimated levels thereafter); and
- (4) Changes in future spending, both discretionary and mandatory, from levels that would otherwise occur under continued Government ownership (using baseline levels for the projection period and at levels estimated to be necessary to operate and maintain the asset thereafter).

The discount rate used to estimate the net present value shall be the average interest rate on marketable Treasury securities of similar maturity to the expected remaining useful life of the asset for which the estimate is being made, plus 2 percentage points to reflect the economic effects of continued ownership by the Government.

16. Indefinite borrowing authority and limits on outstanding debt

If legislation imposes or changes a limit on outstanding debt for an account financed by indefinite budget authority in the form of borrowing authority, the legislation will be scored as changing budget authority only if and to the extent the imposition of a limit or the change in the existing limit alters the estimated amount of obligations that will be incurred.

APPENDIX B—BUDGETARY TREATMENT OF LEASE-PURCHASES AND LEASES OF CAPITAL ASSETS

This Appendix provides instructions on the budgetary treatment of lease-purchases and leases of capital assets consistent with the scorekeeping rule developed by the executive and legislative branches originally in connection with the Budget Enforcement Act of 1990 (BEA) (see Appendix A). The scorekeeping rule focuses on leases and lease-purchases specifically authorized by law. However, these requirements apply to all lease-purchase arrangements and capital leases, including those arrangements that agencies may enter into under existing general legal authorities and arrangements that are financed through the Federal Financing Bank, except as noted below.

These requirements do not apply to leases between Federal agencies if the lessor recorded the full cost of the asset when it was acquired. In addition, the costs of Energy Savings Performance Contracts may be scored on an annual basis, consistent with the guidance provided in OMB Memorandum M-98-13, Federal Use of Energy Savings Performance Contracting and OMB Memorandum M-98-13 on Federal Use of Energy Savings Performance Contracts and Utility Energy Service Contracts.

Agencies are required to submit to their OMB representatives the following types of leasing and other non-routine financing proposals for review of the scoring impact:

- Any proposed lease of a capital asset where total Government payments over the full term of the lease would exceed \$50 million. It should be assumed that options to renew will be exercised.
- All financing proposals that are non-routine in nature and involve unique or unusual concepts or characteristics such as those listed below:
 - Outlease-leaseback mechanisms;
 - Establishment of public-private partnerships or limited liability corporations;
 - Issuance of debt by a third party that includes an explicit "full faith and credit" guarantee of debt repayment by the Government or an implicit guarantee of repayment from Federal funds that removes a substantial amount of the investor's risk;
 - Special purpose assets for which there is no real private sector market;
 - Enhanced-use leases with leasebacks with annual payments above the following threshold levels:
 - **2016—\$2,850,000**
 - **2**017—\$2,850,000
 - **2**018—\$3,095,000
 - Projects constructed or located on Government land;
 - Contracts that require the contractor to acquire or construct assets valued over \$50 million;
 - Share in savings proposals that result in the acquisition of real property;
 - Proposals that raise issues about the governmental/non-governmental status of the asset or the entity that holds the title to the asset;

- Any financing proposal for which a statute requires OMB approval of the scoring (or of the proposal) or compliance with Circular No. A–11. Where compliance with Circular No. A–11 or other specified scoring rules is required by statute, the agency submission must be accompanied by a memorandum from the agency General Counsel explaining how the statutory criteria are satisfied;
- Arrangements that convey special tax status to the project by virtue of the Government's participation; and
- Leasing arrangements that involve options that can be conveyed to a third party in exchange for future considerations.

Agencies should submit these proposals to OMB during the conceptual, developmental stage. Subsequent changes that could substantially change the scope of the proposal or affect the scoring impact (e.g., change from an operating lease to a lease-purchase) must be resubmitted to OMB.

1. Basic requirements

(a) General.

When an agency is authorized to enter into a *lease-purchase* or *capital lease* contract, budget authority will be scored in the year in which the authority is first made available in the amount of the net present value of the Government's total estimated legal obligations over the life of the contract, as described in section 2(b) below. Outlays for lease-purchases in which the Federal Government assumes substantial risk will be spread across the period during which the contractor constructs, manufactures, or purchases the asset. Outlays for a capital lease or a lease-purchase in which the private sector retains substantial risk will be spread across the lease term. The scorekeeping requirements are summarized below.

For *operating leases*, budget authority is required to be obligated up front in the amount necessary to cover the Government's legal obligations, consistent with the requirements of the Antideficiency Act. This will include the estimated total payments expected to arise under the full term of the contract or, if the contract includes a cancellation clause, an amount sufficient to cover the lease and other contractually required payments for the first year plus an amount sufficient to cover the costs associated with cancellation of the contract. For each subsequent year, sufficient budget authority is required to be obligated to cover the annual lease payment for that year plus any additional cancellation costs. For operating leases funded by the General Services Administration's Federal Buildings Fund (which is self-insuring under existing authority), only the amount of budget authority needed to cover the annual lease payment is required to be obligated.

(b) *Making annual lease payments after the BA expires.*

Unless otherwise specified by law, budget authority is available for liquidating obligations (i.e., outlays) for only five fiscal years after the authority expires. For leases financed by annual or multi-year budget authority, agencies should ensure that the appropriations language allows the budget authority to remain available for lease and other contractually required payments over the full term of the lease. If this period is expected to be longer than five fiscal years after the authority expires, the appropriations language should include the provision described in section 95.8.

(c) Changes to existing contracts.

When an agency modifies or amends an existing capital lease or lease-purchase contract, any remaining budgetary resources prior to modification should be used to offset the cost of the new contract. The amount scored will be the difference in the net present value of the Government's total estimated legal obligations between the new contract and the remaining term of the original contract. (Both net present values should

be calculated using the Treasury borrowing rates published in the annual update to Appendix C of OMB Circular No. A-94 at the time the contract is amended (see section 4)). There would be no remaining budgetary resources if funds equal to the lease and other contractually required payments or the present value of the lease and other contractually required payments were not scored up front at the time the lease was signed. In this case, the full cost of the new contract should be scored, consistent with the rules for scoring lease-purchases and capital leases. Similarly, when an agency modifies or amends an existing operating lease contract, the impact of the changes needs to be evaluated. If the lease no longer meets the criteria for an operating lease, the modified lease should be rescored.

(d) *Options to renew or purchase.*

When the lease agreement contains an option to renew that can be exercised without additional legislation, it will be presumed that the option will be exercised for purposes of calculating the term of the lease and scoring budget authority. When the lease agreement contains an option to purchase at less than fair market value (at the time the option is to be exercised), and the option can be exercised without additional legislation, it will be presumed that the option will be exercised for purposes of classifying the type of lease and scoring budget authority.

SUMMARY OF BUDGET REQUIREMENTS

Transaction	Budget Authority	Outlays
Lease-purchase without substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease period.	Amount equal to asset cost scored over the construction period in proportion to the distribution of the contractor's costs; amount equal to imputed interest costs recorded on an annual basis over lease term.
Lease-purchase with substantial private risk	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease term.	Scored over lease term in an amount equal to the annual lease and other contractually required payments.
Capital lease	Amount equal to asset cost recorded up front; amount equal to imputed interest costs recorded on an annual basis over lease term.	Scored over lease term in an amount equal to the annual lease and other contractually required payments.
Operating lease	Amount equal to total contractually required payments under the full term of the lease or amount sufficient to cover first year lease lease and other contractually required payments plus cancellation costs recorded up front	Scored over lease term in an amount equal to the annual lease and other contractually required payments.

2. Budget presentation

(a) General.

For the purposes of scorekeeping transactions that involve lease-purchases and capital leases, the costs are separated into the following components:

- Asset cost (which equals the present value of the lease and other contractually required payments);
 and
- Imputed interest cost (which equals the financing cost Treasury would have incurred if it had financed the project by borrowing).

These concepts are defined more fully in section 3. The amounts can be determined from the amortization tables developed in accordance with the instructions in section 4. Budget authority and outlays attributable to asset costs will be classified as investment-type activities (physical assets), and budget authority and outlays attributable to imputed interest costs will be classified as non-investment activities (see section 84.4).

(b) Budget authority.

• Amounts. The up-front budget authority required for both lease-purchases and capital leases is called the asset cost. This equals the present value of the minimum lease and other contractually required payments excluding payments for identifiable annual operating expenses that would be paid by the Government as owner, such as utilities, minor maintenance, and insurance. Property taxes will not be considered to be an operating expense and will be included in the calculation of the up-front budget authority. (See section 3 for the treatment of property taxes for purposes of distinguishing operating leases from capital leases.) Other contractually required payments include any and all costs related to the asset being leased in addition to the rent fee applied under the lease. For example, other contractually required payments would include all costs under triple net or other unique arrangements. The present value of the lease and other contractually required payments is discounted as of the date of the first payment (or the beginning of the lease term, whichever is earlier) using the appropriate interest rate (see section 4 for a more detailed explanation and the treatment of multiple deliveries).

Additional budget authority equal to Treasury's cost of financing (i.e., the imputed interest cost) plus any annual operating expenses will be recorded on an annual basis over the lease term.

• Type of authority. When an agency enters into a capital lease or lease-purchase under general authorities available to the agency, it must do so within the limits of the budgetary resources available to it and the constraints of the scorekeeping requirements.

If the Congress enacts legislation that enables an agency to enter into a lease-purchase or capital lease for a specific project without further congressional action (e.g., appropriations action), it will be assumed that the Congress has provided the budget authority required for the transaction. If the Congress does not provide the budget authority in the form of an appropriation, then authority to borrow or contract authority will be recorded as follows:

- Authority to borrow will be recorded if the transaction is a lease-purchase without substantial private risk, in which case outlays need to be scored up-front in advance of appropriations for the annual lease payment (or offsetting collections). A portion of the amount subsequently appropriated (or collected, if the agency receives offsetting collections) will be applied to retire outstanding agency debt attributable to the lease-purchase. (See sections 2(c) and 2(d) for more information on how that portion is determined and presented in the Budget.)
- Contract authority will be recorded if the transaction is a lease-purchase with substantial private risk or a capital lease, in which case outlays will be scored over the lease term and financed by appropriations for the annual lease payment (or offsetting collections). A portion of the amount appropriated (or collected, if the agency receives offsetting collections) will be applied to liquidate contract authority. (See sections 2(c) and 2(d) for more information on how that portion is determined and presented in the Budget.)

- *Timing.* When the Congress enacts legislation that specifically enables an agency to enter into a lease-purchase or capital lease, the budget authority required for the transaction will be recorded when the authority first becomes available for obligation. Obligations will be recorded when the lease agreement is signed. When the authority stems from general authority available to the agency, obligations are recorded, and sufficient budgetary resources must be available, when the lease agreement is signed.
- (c) Outlays.
 - Lease-purchases without substantial private risk. Outlays are not equal to the annual lease payments.
 - Outlays are scored over the period during which the contractor constructs, manufactures, or purchases the asset, in an amount equal to the asset cost. This amount will equal the up-front budget authority. Amounts of the asset cost in excess of the contractor's actual construction or manufacturing costs should be distributed in proportion to the distribution of the construction or manufacturing costs. If the asset already exists, the outlays will be recorded in the year in which the lease-purchase contract is signed.
 - Outlays equal to the imputed interest costs are reported on an annual basis over the lease term.
 - Lease-purchases with substantial private risk and capital leases. Outlays are scored annually equal to the annual lease and other contractually required payments.
 - Over the life of the lease agreement, a portion of the outlays (equivalent to the asset cost) will come from the balances obligated when the lease agreement was signed, and a portion (equivalent to the imputed interest cost) will come from new budget authority. The appropriate amounts can be determined from amortization tables developed in accordance with the instructions in section 4.
- (d) Annual appropriations for lease financed by contract authority or borrowing authority.

Lease-purchases and capital leases that are financed by contract authority or borrowing authority will generally require annual appropriations in an amount equal to the annual lease payment. Since budget authority equal to the asset cost is scored up front, the portion of the annual appropriation that corresponds to the amortization of the asset cost is not scored as new budget authority. If it were, total budget authority would be overstated over the life of the lease. The budget authority that is recorded on an annual basis will equal the imputed interest cost. The required adjustments are explained below:

- For lease-purchases without substantial private risk that are financed by borrowing authority. An amount equal to the amortization of the asset cost component of the annual lease payment will be treated as redemption of debt and deducted from the new budget authority totals. On the program and financing schedule, this amount will be reported as a negative entry on line 1135 or 1236 (see section 82.18). If offsetting collections are used to make the annual lease payment in lieu of an appropriation, the amount will be reported as a negative entry on line 1726 or 1825.
- For capital leases and lease-purchases with substantial private risk that are financed by contract authority. An amount equal to the amortization of the asset cost component of the annual lease payment will be treated as liquidating cash and deducted from the new budget authority totals. On the program and financing schedule, this amount will be reported as a negative entry on line 1137 or 1238 (see section 82.18). (If offsetting collections are used to make the annual lease payment in lieu of an appropriation, the amount will be reported as a negative entry on line 1727 or 1826.)

(e) Agency debt.

For lease-purchases without substantial private risk, agency borrowing must be recorded to finance the outlays scored for the construction, manufacture, or purchase of the asset. The agency debt that accumulates over this period is equal to the asset cost; this debt is subsequently redeemed over the lease payment period in an amount equal to a portion of the annual lease payment. The appropriate amounts of debt and debt redemption can be determined from the amortization tables developed in accordance with the instructions in section 4, Step 5. Interest on agency debt can be determined in accordance with Steps 3, 4, and 5.

If the account has a balance sheet, the amount of such agency debt should be included as a separate item (and separate from other agency debt) under liabilities and identified as having been incurred to finance lease-purchases. All other accounts should include the amount of agency debt in the narrative statement for the account that is published in the *Budget Appendix*.

3. Definitions and concepts

For the purposes of scoring lease-purchases, capital leases, and operating leases, the following definitions and concepts apply. Agencies should consult with OMB in cases where enhanced use leases and public-private partnerships are involved. Public-private partnerships should not be used solely or primarily as a vehicle for obtaining private financing of Federal construction or renovation projects. Such transactions should be used only when they are the least expensive method, in present value terms, to finance construction or repair. Agencies shall consult with OMB in cases where a contract requires a private contractor to construct or acquire a capital asset solely or primarily to provide the service to the Government to determine the appropriate treatment or obligations.

Lease-purchase means a type of lease in which ownership of the asset is transferred to the Government at or shortly after the end of the lease term. Such a lease may or may not contain a bargain-price purchase option.

Capital lease means any lease other than a lease-purchase that does not meet the criteria of an operating lease.

Operating lease means a lease that meets all the criteria listed below. If the criteria are not met, the lease will be considered to be a capital lease or a lease-purchase, as appropriate. Multi-year service contracts (e.g., grounds maintenance) and multi-year purchase contracts for expendable commodities (e.g., aspirin) are not considered to be operating leases.

- Ownership of the asset remains with the lessor during the term of the lease and is not transferred to the Government at or shortly after the end of the lease term;
- The lease does not contain a bargain-price purchase option;
- The lease term does not exceed 75 percent of the estimated economic life of the asset;
- The present value of the minimum contractually required payments over the life of the lease does not exceed 90 percent of the fair market value of the asset at the beginning of the lease term;
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee; and
- There is a private sector market for the asset.

The following guidelines will be used in distinguishing between operating leases, capital leases, and lease purchases. They should be used in calculating the *term of the lease* and the value of the *minimum lease* and *other contractually required payments*:

- Estimate of fair market value. In the case of real property, the fair market value should be based on current market appraisals. If no asset exists, the fair market value of the proposed asset should be based on the Government's estimate of the private developer's cost to construct the leased facility. The estimate should only include the costs the Government would normally pay the private sector for such a facility. These costs include the total direct and indirect costs of constructing the facility, including land purchase, design, site improvements, and management costs. Fair market value should not include the value of features or enhancements that were built or added for the Government's unique needs or special purposes or features or enhancements that will be paid for by the Government in lump sum. If the Government proposes to lease only a portion of a facility, then the estimate of fair market value should be adjusted accordingly to reflect the portion that will be leased by the Government.
- Special features or enhancements. Assets that have special features or enhancements that were built or added for the Government's unique needs or special purposes need to be evaluated on a case-by-case basis to ascertain whether they can be considered to be general purpose assets. If the asset is considered to be a general purpose asset, then, as a general rule, such special features or enhancements should be financed up-front, separate from the lease.
- *Upfront, lump sum payments.* If the terms of a lease contain an upfront, lump sum payment, only the amounts associated with special features or enhancements to meet the Government's unique needs or specifications and the amounts associated with agency specific customizations can be removed from the agency scoring calculation. Any payment in excess of that amount will be factored into the net present value scoring calculation. The rental stream over the life of the lease must be adequate to provide functional space.
- *Projects on Government land*. If the project is constructed or located on Government land, it will be presumed to be for a special purpose of the Government.
- Renewal and purchase options. If the lease agreement contains an option to renew that can be exercised without additional legislation, it will be presumed that the option will be exercised. If the lease agreement contains an option to purchase at less than fair market value (at the time the option is to be exercised), and the option can be exercised without additional legislation, it will be presumed that the option will be exercised.
- Cancellation clauses. It will be presumed that the lease will run for the full term of the contract, and the minimum payments will be calculated on the basis of the lease and other contractually required payments that will be made over the full term of the lease (including options to renew).
- Lease-backs from public/private partnerships. If an agency leases from a public/private partnership that has substantial private participation, the lease will be treated as a capital lease. The term "public/private partnership" includes special purpose entities for which the Government is a beneficiary. Substantial private participation means (1) the non-Federal partner has a majority ownership share of the partnership and its revenues; (2) the non-Federal partner has contributed at least 20 percent of the total value of the assets owned by the partnership; and (3) the Government has not provided indirect guarantees of the project, such as a rental guarantee or a requirement to pay higher rent if it reduces its use of space. Total value includes the value of assets contributed by the Government (but not the value of land) and all improvements made to the asset. Contributions by the non-Federal partner of cash, real assets, and loans for which the non-Federal partner is responsible for repayment will count towards meeting the 20 percent threshold. Direct loans from

the Government or guarantees by the Government of loans made to the non-Federal partner or to the partnership will not count towards the 20 percent threshold.

If a public/private partnership fails to meet the test of substantial private participation, the partnership will be considered governmental for purposes of the budget, and the lease-back will be scored against the agency that enters into the partnership.

If the Government ground-leases property to a non-Federal party and subsequently leases back the improvements, the lease will not be considered a lease-back from a public/private partnership, as long as the lessor is a totally non-Federal entity. Such lease-backs may be treated as operating leases if they meet the criteria for an operating lease.

- Bargain-price purchase option. A bargain-price purchase option is a provision allowing the Government to purchase the leased property for a price that is lower than the expected fair market value of the property at the date the option can be exercised. The purchase price includes the value of any rebates or income to the agency or Government resulting from its purchase of the asset.
- *Property taxes*. Property taxes, along with other annual operating expenses, will be excluded from the lease payments for purposes of comparing the present value of the minimum lease and other contractually required payments with the fair market value of the asset. (Note: Property taxes will be included in the calculation of the net present value of the lease and other contractually required payments for purposes of scoring budget authority under the BBEDCA. See section 2(b) above.)
- *Interest rates*. The present value of the minimum lease and other contractually required payments will be calculated on the basis of Treasury rates for marketable debt instruments of similar maturity to the lease term (see section 4).

Risk means the level of private-sector risk. Lease-purchase agreements are scored as with or without substantial private risk depending on the level of private-sector risk. Substantial private risk means the absence of substantial government risk. Risk is defined in terms of how governmental in nature the project is. That is, if the project is less governmental in nature, the private sector risk is considered to be higher.

The following types of illustrative criteria indicate ways in which the project is *less governmental*:

- There is no provision of Government financing and no explicit Government guarantee of third-party financing;
- Risks incident to ownership of the asset (e.g., financial responsibility for destruction or loss of the asset) remain with the lessor unless the Government was at fault for such losses;
- The asset is a general purpose asset rather than being for a special purpose of the Government and is not built to the unique specification of the Government as lessee;
- There is a private-sector market for the asset; or
- The project is not constructed on Government land.

Imputed interest cost means the financing costs that Treasury would have incurred if it had sold debt to the public equal to the total project cost. The difference between the total estimated legal obligations (excluding obligations for annual operating expenses as described in section 2(b)) and their estimated net present value represents imputed interest costs. Imputed interest costs will be calculated at Treasury rates for marketable debt instruments of similar maturity to the lease term on the date the contract is signed. These costs will be

considered mandatory under the BBEDCA and will be shown in the same function as interest on agency debt, that is, in the function that provided the obligational authority to enter into the contract.

Differential cost of financing means the total annual interest payments on any debt sold to the public less the interest payments that would have been made on the same amount of debt at the Treasury rate (i.e., less the imputed interest costs). Simply stated, this corresponds to any interest above Treasury's interest rate.

Asset cost means the present value of the agency's minimum lease and other contractually required payments discounted from the date of the first payment (or the beginning of the lease term, whichever is earlier) using the Treasury interest rate for marketable debt instruments of similar maturity to the lease term on the date the contract is signed and excluding obligations for identifiable annual operating expenses as described in section 2(b). Asset cost corresponds to the total construction or acquisition costs, plus property taxes and any interest above Treasury's cost of financing (i.e., the differential cost of financing). See section 4 for more detailed explanation and the treatment of multiple deliveries.

4. Guidance on calculations

A schedule of lease and other contractually required payments or an amortization schedule is required to calculate budget authority, outlays, and debt for capital leases or lease-purchases. The correct Treasury rate to use for discounting to present value and for calculating imputed interest costs will be based on the economic assumptions in the most recent budget, which, for the current year, are published in the annual update to Appendix C of OMB Circular No. A-94. Revised forecasts of these Treasury interest rates are released whenever economic assumptions for the budget are updated. Use Treasury rates for marketable debt instruments of similar maturity to the lease term on the date the contract is signed. Discount from the date of the first payment (or the beginning of the lease term, whichever is earlier). The term selected for the Treasury rate should be comparable to the term of the capital lease or lease-purchase.

All assumptions required to perform the lease analysis are subject to OMB approval.

Step 1—Calculate up-front BA.

For lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease (including lease-back from public/private partnership with substantial private sector participation): To determine up-front BA (i.e., asset cost), calculate the present value of the lease and other contractually required payments, discounting from the date of the first payment or the beginning of the lease term, whichever is earlier, using the appropriate Treasury interest rate as the discount factor and excluding obligations for identifiable annual operating expenses as described in section 2(b). This BA is scored when the authority to enter into a contract for the lease-purchase or capital lease first becomes available for obligation.

However, if the lease contract provides for multiple deliveries of assets, the up-front BA is sum of the present values of the lease and other contractually required payments for each asset discounted back to the date that the asset is delivered. For example, if the lease contract provides for the delivery of one machine in each of the next five years, the lease and other contractually required payments for the machine acquired in the first year would be discounted back to the first year, while the lease and other contractually required payments for the machine acquired in the fifth year would be discounted back to the fifth year, and the total BA recorded up front would be the sum of the present values calculated for each of the five deliveries.

Step 2—Calculate outlays over the period during which the contractor constructs, manufactures, or purchases the asset.

For lease-purchase without substantial private risk: Score outlays in proportion to the distribution of the contractor's costs. For example, assume a contractor's costs on a \$50 million project are estimated to be \$7.5 million the first year, \$27.5 million the second year, and \$15 million the third year. The analyst should

apply spendout rates of 15 percent, 55 percent, and 30 percent to the BA calculated in Step 1 for the first, second, and third years, respectively. Total outlays at the end of the construction, manufacture, or purchase period should equal the BA calculated in Step 1. (Note that total outlays will ordinarily exceed the contractor's costs.)

For lease-purchase with substantial private risk and capital lease (including lease-back from public/private partnership with substantial private sector participation): Outlays are not scored during this period. Refer to Step 4 for outlay scoring.

Step 3—Calculate annual BA for the lease payment period.

For lease-purchase without substantial private risk; lease-purchase with substantial private risk; and capital lease: Annual BA will equal the imputed interest costs calculated using the same Treasury interest rate used to discount the lease and other contractually required payments in Step 1. The interest portion of each periodic payment is the imputed interest cost. In the case of a lease-purchase without substantial private risk, the interest rate should be applied to debt that is initially equal to the up-front BA calculated in Step 1 and that is then amortized over the lease term in accordance with Step 5.

Step 4—Calculate outlays over the lease payment period.

For lease-purchase without substantial private risk: Annual outlays are equal to the annual BA (i.e., the imputed interest costs).

For lease-purchase with substantial private risk and capital lease (including lease-back from public/private partnership with substantial private sector participation): Annual outlays are equal to the lease and other contractually required payments.

Step 5—Calculate agency debt (applies only to lease-purchases without substantial private risk).

Agency debt accumulates during the period of construction, manufacture, or purchase of the asset. The increase in debt each year equals the amount of outlays calculated in Step 2. Agency debt is subsequently redeemed over the lease payment period according to an amortization schedule. The amount of debt redemption each year is equal to the lease payment less the imputed interest cost as defined in Step 3. (Debt redemption is not scored as BA or outlays.) Imputed interest costs are scored as BA and outlays and are also scored as interest on agency debt.

5. Reporting to OMB and Treasury

Budget execution reports and apportionment requests will reflect budget amounts in accordance with these requirements. Amounts (e.g., budget authority and outlays) will be reported to Treasury on the same basis.

APPENDIX C—LISTING OF OMB AGENCY/BUREAU AND TREASURY CODES

In the MAX system, OMB assigns and uses agency and bureau codes, which are associated with agency and bureau titles that are published in the Budget. The following table lists these codes in budget order. It also provides the corresponding 2-digit Treasury agency and the 3-digit Common Government-wide Accounting Classification (CGAC) agency codes assigned by Treasury. The CGAC codes allow Treasury and agencies to use a unique code for each agency. With the long-standing 2-digit codes, there were many cases (see Treasury agency codes 48 and 95) where numerous agencies shared the same 2-digit agency code. In some instances, a different Treasury agency code may be used for some accounts in an agency; a complete listing can be found in the Master Accounts Title (MAT) file on the budget season reports page. (See section 79.2 for additional information on account identification codes.)

	OMB Codes		Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Legislative Branch				
Senate	001	05	00	000
House of Representatives	001	10	00	000
Joint Items	001	11	00	000
Capitol Police	001	13	02	002
Office of Compliance	001	12	09	009
Congressional Budget Office	001	14	08	008
Architect of the Capitol	001	15	01	001
Botanic Garden	001	18	09	009
Library of Congress	001	25	03	003
Government Publishing Office	001	30	04	004
Government Accountability Office	001	35	05	005
United States Tax Court	001	40	23	023
Legislative Branch Boards and Commissions	001	45	09	009
Legislative Branch Boards and Commissions	001	45	48	283
Judicial Branch				
Judicial Branch	002	00	10	010
Supreme Court of the United States	002	05	10	010
United States Court of Appeals for the Federal Circuit	002	07	10	010
United States Court of International Trade	002	15	10	010
Courts of Appeals, District Courts, and Other Judicial Services	002	25	10	010
Administrative Office of the United States Courts	002	26	10	010
Federal Judicial Center	002	30	10	010
Judicial Retirement Funds	002	35	10	010
United States Sentencing Commission	002	39	10	010
Department of Agriculture				
Department of Agriculture	005	00	12	012
Office of the Secretary	005	03	12	012
Executive Operations	005	04	12	012
Office of Chief Information Officer	005	12	12	012

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Office of Chief Financial Officer	005	14	12	012
Office of Civil Rights	005	07	12	012
Hazardous Materials Management	005	16	12	012
Buildings and Facilities	005	19	12	012
Office of Inspector General	005	08	12	012
Office of the General Counsel	005	10	12	012
Economic Research Service	005	13	12	012
National Agricultural Statistics Service	005	15	12	012
Agricultural Research Service	005	18	12	012
National Institute of Food and Agriculture	005	20	12	012
Animal and Plant Health Inspection Service	005	32	12	012
Food Safety and Inspection Service	005	35	12	012
Grain Inspection, Packers and Stockyards Administration	005	37	12	012
Agricultural Marketing Service	005	45	12	012
Risk Management Agency	005	47	12	012
Farm Service Agency	005	49	12	012
Natural Resources Conservation Service	005	53	12	012
Rural Development	005	55	12	012
Rural Housing Service	005	63	12	012
Rural Business_Cooperative Service	005	65	12	012
Rural Utilities Service	005	60	12	012
Foreign Agricultural Service	005	68	12	012
Food and Nutrition Service	005	84	12	012
Forest Service	005	96	12	012
Department of Commerce				
Department of Commerce	006	00	13	013
Departmental Management	006	05	13	013
Economic Development Administration	006	06	13	013
Bureau of the Census	006	07	13	013
Economics and Statistics Administration	006	08	13	013
International Trade Administration	006	25	13	013
Bureau of Industry and Security	006	30	13	013
Minority Business Development Agency	006	40	13	013
National Oceanic and Atmospheric Administration	006	48	13	013
U.S. Patent and Trademark Office	006	51	13	013
National Technical Information Service	006	54	13	013
National Institute of Standards and Technology	006	55	13	013
National Telecommunications and Information Administration	006	60	13	013

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Department of Defense—Military Programs				
Department of Defense—Military Programs	007	00	*	*
Military Personnel	007	05	*	*
Operation and Maintenance	007	10	*	*
International Reconstruction and Other Assistance	007	12	*	*
Procurement	007	15	*	*
Research, Development, Test, and Evaluation	007	20	*	*
Military Construction	007	25	*	*
Family Housing	007	30	*	*
Revolving and Management Funds	007	40	*	*
Allowances	007	45	*	*
Trust Funds	007	55	*	*
Department of Education				
Department of Education	018	00	91	091
Office of Elementary and Secondary Education	018	10	91	091
Office of Innovation and Improvement	018	12	91	091
Office of English Language Acquisition	018	15	91	091
Office of Special Education and Rehabilitative Services	018	20	91	091
Office of Vocational and Adult Education	018	30	91	091
Office of Postsecondary Education	018	40	91	091
Office of Federal Student Aid	018	45	91	091
Institute of Education Sciences	018	50	91	091
Departmental Management	018	80	91	091
Hurricane Education Recovery	018	85	91	091
Department of Energy				
Department of Energy	019	00	89	089
National Nuclear Security Administration	019	05	89	089
Environmental and Other Defense Activities	019	10	89	089
Energy Programs	019	20	89	089
Power Marketing Administration	019	50	89	089
Departmental Administration	019	60	89	089
Department of Health and Human Services				
Department of Health and Human Services	009	00	75	075
Food and Drug Administration	009	10	75	075
Health Resources and Services Administration	009	15	75	075
Indian Health Service	009	17	75	075
Centers for Disease Control and Prevention	009	20	75	075
National Institutes of Health	009	25	75	075

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Substance Abuse and Mental Health Services Administration	009	30	75	075
Agency for Healthcare Research and Quality	009	33	75	075
Centers for Medicare and Medicaid Services	009	38	75	075
Administration for Children and Families	009	70	75	075
Administration for Community Living	009	75	75	075
Departmental Management	009	90	75	075
Program Support Center	009	91	75	075
Office of the Inspector General	009	92	75	075
Department of Homeland Security				
Department of Homeland Security	024	00	70	070
Departmental Management and Operations	024	10	70	070
Office of the Inspector General	024	20	70	070
U.S. Customs and Border Protection	024	58	70	070
U.S. Immigration and Customs Enforcement	024	55	70	070
Transportation Security Administration	024	45	70	070
United States Coast Guard	024	60	70	070
United States Secret Service	024	40	70	070
National Protection and Programs Directorate	024	65	70	070
Federal Emergency Management Agency	024	70	70	070
Citizenship and Immigration Services	024	30	70	070
Federal Law Enforcement Training Center	024	49	70	070
Science and Technology	024	80	70	070
Office of Chemical, Biological, Radiological, Nuclear, and Explosives	024	85	70	070
Department of Housing and Urban Development				
Department of Housing and Urban Development	025	00	86	086
Public and Indian Housing Programs	025	03	86	086
Community Planning and Development	025	06	86	086
Housing Programs	025	09	86	086
Government National Mortgage Association	025	12	86	086
Policy Development and Research	025	28	86	086
Fair Housing and Equal Opportunity	025	29	86	086
Office of Lead Hazard Control and Healthy Homes	025	32	86	086
Office of Sustainable Housing and Communities	025	33	86	086
Management and Administration	025	35	86	086
Department of the Interior				
Department of the Interior	010	00	14	014
Bureau of Land Management	010	04	14	014
Bureau of Ocean Energy Management	010	06	14	014

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Bureau of Safety and Environmental Enforcement	010	22	14	014
Office of Surface Mining Reclamation and Enforcement	010	08	14	014
Bureau of Reclamation	010	10	14	014
Central Utah Project	010	11	14	014
United States Geological Survey	010	12	14	014
United States Fish and Wildlife Service	010	18	14	014
National Park Service	010	24	14	014
Bureau of Indian Affairs and Bureau of Indian Education	010	76	14	014
Departmental Offices	010	84	14	014
Insular Affairs	010	85	14	014
Office of the Solicitor	010	86	14	014
Office of Inspector General	010	88	14	014
Office of the Special Trustee for American Indians	010	90	14	014
National Indian Gaming Commission	010	92	14	014
Department-Wide Programs	010	95	14	014
Department of Justice				
Department of Justice	011	00	15	015
General Administration	011	03	15	015
United States Parole Commission	011	04	15	015
Legal Activities and U.S. Marshals	011	05	15	015
National Security Division	011	08	15	015
Radiation Exposure Compensation	011	06	15	015
Interagency Law Enforcement	011	07	15	015
Federal Bureau of Investigation	011	10	15	015
Drug Enforcement Administration	011	12	15	015
Bureau of Alcohol, Tobacco, Firearms, and Explosives	011	14	15	015
Federal Prison System	011	20	15	015
Office of Justice Programs	011	21	15	015
Department of Labor				
Department of Labor	012	00	16	016
Employment and Training Administration	012	05	16	016
Employee Benefits Security Administration	012	11	16	016
Pension Benefit Guaranty Corporation	012	12	16	016
Employment Standards Administration	012	17	16	016
Office of Workers' Compensation Programs	012	15	16	016
Wage and Hour Division	012	16	16	016
Office of Federal Contract Compliance Programs	012	22	16	016
Office of Labor Management Standards	012	23	16	016
Occupational Safety and Health Administration	012	18	16	016

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Mine Safety and Health Administration	012	19	16	016
Bureau of Labor Statistics	012	20	16	016
Departmental Management	012	25	16	016
Department of State				
Department of State	014	00	19	019
Department of State	014	00	67	067
Administration of Foreign Affairs	014	05	19	019
International Organizations and Conferences	014	10	19	019
International Commissions	014	15	19	019
Other	014	25	19	019
Other	014	25	72	072
Other	014	25	95	570
Department of Transportation				
Department of Transportation	021	00	69	069
Office of the Secretary	021	04	69	069
Federal Aviation Administration	021	12	69	069
Federal Highway Administration	021	15	69	069
Federal Motor Carrier Safety Administration	021	17	69	069
National Highway Traffic Safety Administration	021	18	69	069
Federal Railroad Administration	021	27	69	069
Federal Transit Administration	021	36	69	069
Saint Lawrence Seaway Development Corporation	021	40	69	069
Pipeline and Hazardous Materials Safety Administration	021	50	69	069
Office of Inspector General	021	56	69	069
Maritime Administration	021	70	69	069
Department of the Treasury				
Department of the Treasury	015	00	20	020
Departmental Offices	015	05	20	020
Financial Crimes Enforcement Network	015	04	20	020
Fiscal Service	015	12	20	020
Federal Financing Bank	015	11	20	020
Alcohol and Tobacco Tax and Trade Bureau	015	13	20	020
Bureau of Engraving and Printing	015	20	20	020
United States Mint	015	25	20	020
Internal Revenue Service	015	45	20	020
Comptroller of the Currency	015	57	20	020
Interest on the Public Debt	015	60	20	020

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Department of Veterans Affairs				
Department of Veterans Affairs	029	00	36	036
Veterans Health Administration	029	15	36	036
Benefits Programs	029	25	36	036
Departmental Administration	029	40	36	036
Other Defense Civil Programs				
Other Defense Civil Programs	200	00	84	n/a
Military Retirement	200	05	97	097
Retiree Health Care	200	07	97	097
Educational Benefits	200	10	97	097
American Battle Monuments Commission	200	15	74	074
Armed Forces Retirement Home	200	20	84	084
Cemeterial Expenses	200	25	21	021
Forest and Wildlife Conservation, Military Reservations	200	30	97	097
Selective Service System	200	45	90	090
International Assistance Programs				
International Assistance Programs	184	00	72	n/a
Millennium Challenge Corporation	184	03	95	524
International Security Assistance	184	05	11	011
International Security Assistance	184	05	72	072
Multilateral Assistance	184	10	11	011
Multilateral Assistance	184	10	19	019
Agency for International Development	184	15	72	072
Overseas Private Investment Corporation	184	20	71	071
Trade and Development Agency	184	25	11	011
Peace Corps	184	35	11	011
Inter-American Foundation	184	40	11	011
African Development Foundation	184	50	11	011
International Monetary Programs	184	60	11	011
Military Sales Program	184	70	11	n/a
Foreign Assistance Program Allowances	184	95	95	011
Executive Office of the President				
The White House	100	05	11	011
Executive Residence at the White House	100	10	11	011
Special Assistance to the President and the Official Residence of the Vice President	100	15	11	011
Council of Economic Advisers	100	20	11	011
Council on Environmental Quality and Office of Environmental Quality	100	25	11	011

Agency Bureau Agency Codes		OMB	Codes	Treasury	CGAC
National Security Council and Homeland Security Council 100 35 11 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 011 01	Agency	Agency	Bureau	Agency	Agency Code ¹
Office of Management and Budget 100 55 11 011 Office of National Drug Control Policy 100 60 11 011 Office of Science and Technology Policy 100 65 11 011 Office of the United States Trade Representative 100 70 11 011 Unanticipated Needs 100 95 11 011 Major Independent Agencies 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 National Aeronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028	National Security Council and Homeland Security Council	100	35		
Office of National Drug Control Policy 100 60 11 011 Office of Science and Technology Policy 100 65 11 011 Office of the United States Trade Representative 100 70 11 011 Unanticipated Needs 100 95 11 011 Major Independent Agencies Corps of Engineers—Civil Works 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 30 47 047 Supply and Technology Activities 023 30 47 047 National Aeronautics and Space Administration 026 00 80 080 National Acronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049	Office of Administration	100	50	11	011
Office of National Drug Control Policy 100 60 11 011 Office of Science and Technology Policy 100 65 11 011 Office of the United States Trade Representative 100 70 11 011 Unanticipated Needs 100 95 11 011 Major Independent Agencies Corps of Engineers—Civil Works 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 30 47 047 Supply and Technology Activities 023 30 47 047 National Aeronautics and Space Administration 026 00 80 080 National Acronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049	Office of Management and Budget	100	55	11	011
Office of the United States Trade Representative 100 70 11 011 Unanticipated Needs 100 95 11 011 Major Independent Agencies Secondary of Engineers—Civil Works 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 Supply and Technology Activities 023 10 47 047 Rational Aeronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Ag		100	60	11	011
Unanticipated Needs 100 95 11 011 Major Independent Agencies 202 00 96 096 Corps of EngineersCivil Works 202 00 68 068 General Services Administration 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 General Activities 023 30 47 047 National Acronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 028 00 73 073 Other Independent Agencies 310 00 95 <t< td=""><td>Office of Science and Technology Policy</td><td>100</td><td>65</td><td>11</td><td>011</td></t<>	Office of Science and Technology Policy	100	65	11	011
Major Independent Agencies 202 00 96 096 Corps of Engineers—Civil Works 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration 0 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 General Activities 023 30 47 047 Mational Acronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Agencies 310 00 95 310 Other Independent Agencies 310 00 95	Office of the United States Trade Representative	100	70	11	011
Corps of Engineers-Civil Works 202 00 96 096 Environmental Protection Agency 020 00 68 068 General Services Administration	Unanticipated Needs	100	95	11	011
Environmental Protection Agency 020 00 68 068 General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 General Activities 023 30 47 047 National Aeronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Agencies 310 00 95 310 Other Independent Agencies 310 00 95 302 Other Independent Agencies 310 00 95 302 Advisory Council on Historic Preservation 306 00 9	Major Independent Agencies				
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General Services Administration 023 00 47 047 Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 General Activities 023 30 47 047 National Aeronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Agencies 310 00 95 310 Administrative Conference of the United States 302 00 95 302 Advisory Council on Historic Preservation 306 00 95 330 Affordable Housing Program 530 00 95 530 Appalachian Regional Commission 309 0		020	00	68	068
Real Property Activities 023 05 47 047 Supply and Technology Activities 023 10 47 047 General Activities 023 30 47 047 National Aeronautics and Space Administration 026 00 80 080 National Science Foundation 422 00 49 049 Office of Personnel Management 027 00 24 024 Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Agencies 310 00 95 310 Administrative Conference of the United States 302 00 95 302 Advisory Council on Historic Preservation 306 00 95 306 Affordable Housing Program 530 00 95 530 Appalachian Regional Commission 309 00 46 309 Barry Goldwater Scholarship and Excellence in Education Foundation					
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Small Business Administration 028 00 73 073 Social Security Administration 016 00 28 028 Other Independent Agencies 310 00 95 310 Other Independent Agencies 310 00 95 310 Administrative Conference of the United States 302 00 95 302 Advisory Council on Historic Preservation 306 00 95 306 Affordable Housing Program 530 00 95 530 Appalachian Regional Commission 309 00 46 309 Barry Goldwater Scholarship and Excellence in Education Foundation 313 00 95 313 Broadcasting Board of Governors 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher				24	024
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Affordable Housing Program 530 00 95 530 Appalachian Regional Commission 309 00 46 309 Barry Goldwater Scholarship and Excellence in Education Foundation 313 00 95 313 Education Foundation 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326	Administrative Conference of the United States	302	00	95	302
Affordable Housing Program 530 00 95 530 Appalachian Regional Commission 309 00 46 309 Barry Goldwater Scholarship and Excellence in Education Foundation 313 00 95 313 Broadcasting Board of Governors 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326	Advisory Council on Historic Preservation	306	00	95	306
Appalachian Regional Commission 309 00 46 309 Barry Goldwater Scholarship and Excellence in Education Foundation 313 00 95 313 Broadcasting Board of Governors 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326	Affordable Housing Program	530	00	95	530
Education Foundation 514 00 95 514 Broadcasting Board of Governors 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		309	00	46	309
Broadcasting Board of Governors 514 00 95 514 Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		313	00	95	313
Bureau of Consumer Financial Protection 581 00 95 581 Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		514	00	95	514
Central Intelligence Agency 316 00 56 056 Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		581	00	95	581
Chemical Safety and Hazard Investigation Board 510 00 95 510 Christopher Columbus Fellowship Foundation 465 00 76 465 Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		316	00	56	056
Commission of Fine Arts 323 00 95 323 Commission on Civil Rights 326 00 95 326		510	00	95	510
Commission on Civil Rights 326 00 95 326	Christopher Columbus Fellowship Foundation	465	00	76	465
	Commission of Fine Arts	323	00	95	323
		326	00	95	326
Disabled, activities	Committee for Purchase from People who are Blind or Severely	338	00	95	338
Commodity Futures Trading Commission		339	00	95	339
Consumer Product Safety Commission		343	00	61	061
Corporation for National and Community Service		485	00	95	485

	OMB	Codes	Treasury	CGAC
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Corporation for Public Broadcasting	344	00	20	020
Corporation for Travel Promotion	580	00	95	580
Council of the Inspectors General on Integrity and Efficiency	542	00	95	542
Court Services and Offender Supervision Agency for the District of Columbia	511	00	95	511
Defense Nuclear Facilities Safety Board	347	00	95	347
Delta Regional Authority	517	00	95	517
Denali Commission	513	00	95	513
District of Columbia				
District of Columbia Courts	349	10	95	349
District of Columbia General and Special Payments	349	30	20	020
Election Assistance Commission	525	00	95	525
Electric Reliability Organization	531	00	95	531
Equal Employment Opportunity Commission	350	00	45	045
Export-Import Bank of the United States	351	00	83	083
Farm Credit Administration	352	00	78	352
Farm Credit System Insurance Corporation	355	00	78	352
Federal Communications Commission	356	00	27	027
Federal Deposit Insurance Corporation				
Deposit Insurance	357	20	51	051
FSLIC Resolution	357	30	51	051
Orderly Liquidation	357	35	51	051
FDIC_Office of Inspector General	357	40	51	051
Federal Drug Control Programs	154	00	11	011
Federal Election Commission	360	00	95	360
Federal Financial Institutions Examination Council	362	10	95	362
Federal Financial Institutions Examination Council Appraisal Subcommittee	362	20	95	362
Federal Housing Finance Agency	537	00	95	537
Federal Labor Relations Authority	365	00	54	054
Federal Maritime Commission	366	00	65	065
Federal Mediation and Conciliation Service	367	00	93	093
Federal Mine Safety and Health Review Commission	368	00	95	368
Federal Permitting Improvement Council	473	00	95	473
Federal Retirement Thrift Investment Board	369	00	26	026
Federal Trade Commission	370	00	29	029
Gulf Coast Ecosystem Restoration Council	586	00	95	471
Harry S Truman Scholarship Foundation	372	00	95	372
Independent Payment Advisory Board	578	00	95	578
Interagency Coordinating Council on Workforce Attachment	588	00	48	588

	OMB Codes Treasury CG		CGAC	
Agency	Agency	Bureau	Agency Codes	Agency Code ¹
Indian Law and Order Commission	584	00	48	584
Institute of American Indian and Alaska Native Culture and Arts Development	373	00	95	373
Institute of Museum and Library Services	474	00	59	417
Intelligence Community Management Account	467	00	95	467
International Trade Commission	378	00	34	034
James Madison Memorial Fellowship Foundation	381	00	95	381
Japan-United States Friendship Commission	382	00	95	382
Legal Services Corporation	385	00	20	020
Marine Mammal Commission	387	00	95	387
Merit Systems Protection Board	389	00	41	389
Military Compensation and Retirement Modernization Commission	479	00	48	479
Morris K. Udall and Stewart L. Udall Foundation	487	00	95	487
National Archives and Records Administration	393	00	88	088
National Association of Registered Agents and Brokers	543	00	95	543
National Capital Planning Commission	394	00	95	394
National Council on Disability	413	00	95	413
National Credit Union Administration	415	00	25	025
National Endowment for the Arts	417	00	59	417
National Endowment for the Humanities	418	00	59	417
National Infrastructure Bank	538	00	95	538
National Labor Relations Board	420	00	63	420
National Mediation Board	421	00	95	421
National Railroad Passenger Corporation Office of Inspector General	575	00	48	575
National Transportation Safety Board	424	00	95	424
Neighborhood Reinvestment Corporation	428	00	82	082
Northern Border Regional Commission	573	00	95	573
Nuclear Regulatory Commission	429	00	31	031
Nuclear Waste Technical Review Board	431	00	48	431
Occupational Safety and Health Review Commission	432	00	95	432
Office of Government Ethics	434	00	95	434
Office of Navajo and Hopi Indian Relocation	435	00	48	435
Office of Special Counsel	436	00	62	062
Office of the Federal Coordinator for Alaska Natural Gas Transportation Projects	534	00	95	534
Other Commissions and Boards	505	00	48	n/a
Other Commissions and Boards	505	00	95	n/a
Patient-Centered Outcomes Research Trust Fund	579	00	95	579
Postal Service	440	00	18	018
Presidio Trust	512	00	95	512
Privacy and Civil Liberties Oversight Board	535	00	95	535

Agency		OMB Codes		CGAC
		Bureau	Agency Codes	Agency Code ¹
Public Defender Service for the District of Columbia	587	00	95	511
Railroad Retirement Board	446	00	60	060
Recovery Act Accountability and Transparency Board	539	00	95	539
Securities and Exchange Commission	449	00	50	050
Public Company Accounting Oversight Board	526	00	95	526
Standard Setting Body	527	00	95	527
Securities Investor Protection Corporation	576	00	95	576
Smithsonian Institution	452	00	33	033
State Justice Institute	453	00	48	453
Surface Transportation Board	472	00	95	472
Tennessee Valley Authority	455	00	64	455
United Mine Workers of America Benefit Funds	476	00	95	476
United States Court of Appeals for Veterans Claims	345	00	95	345
United States Enrichment Corporation Fund	486	00	95	486
United States Holocaust Memorial Museum	456	00	95	456
United States Institute of Peace	458	00	95	458
United States Interagency Council on Homelessness	376	00	48	376
Vietnam Education Foundation	519	00	95	519
Government Sponsored Enterprises				
Federal National Mortgage Association	915	00	39	915
Federal Home Loan Mortgage Corporation	914	00	39	914
Federal Home Loan Bank System	913	00	39	913
Farm Credit System		00	39	912
Financing Vehicles and the Board of Governors of the Federal Reserve				
Financing Vehicles and the Board of Governors of the Federal Reserve	920	00	39	920

* Under Department of Defense-Military Programs as follows:	s, Treasury agency codes and CGAC	C agency codes are assigned
Agency	Treasury Agency Code	CGAC Agency Code
Navy, Marine Corps	17	017
Army	21	021
Air Force	57	057
Defense-wide	97	097

¹ In a small number of cases where budget agency (or bureau) does not correspond to a single CGAC agency code, this crosswalk shows "n/a" (not applicable) as the CGAC agency. This happens in Other Defense Civil, International Assistance Programs, and several other agencies.

APPENDIX F—FORMAT OF SF 132, SF 133, SCHEDULE P, AND SBR

Table of Contents

Exhibit F–1 Line Numbers for the SF 132, SF 133, Schedule P and SBR

Exhibit F–2 Abbreviated Line Titles for the SF 132 and SF 133

Summary of Changes

Adds lines in SF 132, SF 133, and schedule P to incorporate transfers of advance appropriations and lines to incorporate unobligated balances that are precluded from obligation (i.e., limitation on administrative expenses) in a fiscal year by a provision of law.

Modifies and adds new lines in SF 133, schedule P and SBR to separate obligations in unexpired accounts and upward adjustments of obligations in expired accounts.

Adds memorandum lines in schedule P to capture International Monetary Fund quota reporting.

Incorporates revisions from Circular No. A-136 for recoveries of prior year paid obligations in the Budget authority and outlays, net section of the Statement of Budgetary Resources.

1. OVERVIEW OF THE SF 132, SF 133, SCHEDULE P, and SBR

The format employs three common data sections—Budgetary resources; Change in obligated balance; and Budget authority and outlays, net. The SF 133, Schedule P and SBR will use all three of the sections, and the SF 132 will use the common Budgetary resources. Unique sections, such as Application of budgetary resources, continued to be used.

Sections	SF132	SF133	Schedule P	SBR
Obligations by program activity			X	
Budgetary resources	X	X	X	X
Status of budgetary resources		X		X
Change in obligated balance		X	X	X
Budget authority and outlays, net		X	X	X
Memorandum (non-add) entries			X	
Application of budgetary resources	X			
Unfunded deficiencies			X	
Guaranteed loan levels and applications	X			

OMB adopted the use of a new 4-digit line code structure where the first number of the line code indicates the section.

Line Number	Section:
0xxx	Obligations by program activity
1xxx	Budgetary resources
2xxx	Status of budgetary resources
3xxx	Change in obligated balance
4xxx	Budget authority and outlays, net
5xxx	Memorandum (non-add) entries
6xxx	Application of budgetary resources
7xxx	Unfunded deficiencies
8xxx	Guaranteed loan levels and applications

2. OBLIGATIONS BY PROGRAM ACTIVITY

Use the entries in the following table to prepare the "Obligations by program activity" section Schedule P. For additional guidance, see section 82 (Combined Schedule X).

Entry	Description
Direct: 0001-0799	See section <u>82</u> for further details.
Credit programs:	
Program accounts:	
0701-0709	
Financing accounts:	
0710-0744	
Reimbursable: 0800-0899	
0900 Total new obligations, unexpired accounts	Equals the sum of the amounts on the detail lines 0001 to 0899. Equals line 3010.

3. BUDGETARY RESOURCES

Use the entries in the following table to prepare the "Budgetary Resources" section of the SF 132, SF 133, and Schedule P. For additional guidance, see section 120 (SF 132), section 130 (SF 133), and section 82 (Combined Schedule X).

Entry	Description
Unobligated balance:	
1000 Unobligated balance brought	For unexpired accounts:
forward, Oct 1	Amount of unobligated balance of appropriations or other budgetary resources carried forward from the preceding year and <i>available for obligation</i> without new action by Congress. Do <i>not</i> include special or trust fund amounts and offsetting collections that are not available for obligation because of provisions of law, such

as benefit formulas or limitations on obligations (see section 20.4(f)).

Includes uninvested balances and balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount). Includes all unobligated balances (definite appropriations, definite borrowing authority, definite contract authority, fund balances) at the start of the year.

Include the impact of reductions of these prior year balances enacted on lines 1131, 1133, 1230, 1232, 1520, 1620, 1723, and 1823.

If unobligated balances are used to liquidate deficiencies, report the amount used as a negative adjustment on line 1034 and reduce the amount on line 1000 for Schedule P. For the SF 133, do not include any amounts on lines 1034 and 1901 because the SF 133 does not include the unfunded deficiencies section. See Exhibit 130M.

The amount on this line should be the same as the *end of year amounts* of the previous fiscal year:

- On lines 2201, 2202, 2301, 2302, 2401, 2402, and 2403; or line 2490 of the September 30 SF 133;
- In the Treasury Combined Statement Appendix; and
- In the past year column of the Program and Financing Schedule of the Budget Appendix on line 1941.

You must provide line splits on apportionment requests that characterize the unobligated balances in up to two ways.

First, in TAFSs that are split accounts (e.g. have both discretionary and mandatory funds), the first letter of the line split must be "D" to highlight those balances that are discretionary. (See section 120.20 for additional information.) In no other cases, e.g. in TAFSs that are wholly discretionary or mandatory, should you use the letter "D" in the line split value.

Second, you must distinguish whether the balances are estimates or actual balances. You must use a line split of E to indicate the balance is an Estimate or a line split of A to indicate the use of an Actual balance. If the account is apportioned by time periods and the difference between the estimate and the actual is within the range of adjustment permitted by section 120.50, adjust the apportionments accordingly. If the difference is greater, OMB must approve a request for reapportionment before the funds that are greater than the automatic apportionment can be obligated.

In cases where you have discretionary estimated balances, the line split would be "DE"; for discretionary, actual balances, the line split would be "DA". Some agencies further distinguish balances by appending a number to the line split and changing the line stub to indicate the source of the balances. In these kinds of cases, the line split values may be "DA1", "DA2", and "DA3".

For expired accounts:

Amount of expired unobligated balances available for upward adjustments of obligations.

In the first expired year, the amount should be the same as the amount of unobligated balances on lines 2201, 2202, 2301, 2302, 2401, 2402, and 2403; or line 2490 of the previous fiscal year's September 30 SF 133. In the second expired year and thereafter,

Entry	Description
	the amount should be the same as the amount on line 2403 of the previous fiscal year's September 30 SF 133.
	These balances are available only for valid upward adjustments of obligations that were properly incurred against the account during the unexpired phase.
	For unexpired and expired accounts:
	Appropriated receipts.—Do not include the balances of unavailable collections that are precluded from obligation due to a provision of law, such as a benefit formula or limitation. See lines 1134 and 1234.
	Indefinite budget authority.—Do not carry forward any amounts on this line for (1) indefinite appropriations except for available special and trust fund receipts; (2) indefinite borrowing authority, or indefinite contract authority.
1001 Discretionary unobligated balance	For unexpired accounts:
brought forward, Oct 1	Portion of amount shown on line 1000 that is classified as discretionary. The amount on this line cannot exceed the amount on line 1000.
Nonexpenditure transfers:	
1010 Unobligated balance transferred	For unexpired accounts:
to other accounts (–)	Amount of any unexpired unobligated balance of appropriations or spending authority from offsetting collections, that is <i>actually transferred</i> from this account to other accounts.
	For expired accounts:
	Amount of unobligated balances that have been canceled due to reappropriation.
	Adjustments may be made to reflect enacted reductions that should have been but were not made against an account when it was unexpired. Newly enacted reductions may not be made against an expired account.
	Use lines 1131/1230 in the losing expired account for expired balance transfers that are classified as reappropriations in the gaining unexpired account on lines 1105/1204.
	Amount of any expired unobligated balance actually transferred from this account to an expired account.
	Include allocation transfers for expired accounts.
	For unexpired and expired accounts:
	Amount of unexpired unobligated balance transferred to other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (see section 20.4(j)).
	Use only for transfers of balances of prior year resources resulting from general transfer authority or reorganizations authorized by law, where the purpose has not changed. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 1120. Generally, transfers to other accounts cannot exceed the unobligated balance at the start of the year.
	Include only nonexpenditure transfers on this line. Do not include expenditure transfers, including transfers from trust funds to Federal funds required or permitted by law, because they are treated as expenditure transfers. Record expenditure transfers on

1011 Unobligated balance transferred from other accounts

lines 1700 and 1800 (for amounts actually transferred via expenditure transfers); and lines 1740 and 1840 (for amounts anticipated to be transferred via expenditure transfer). The treatment of expenditure transfers is explained in section 20.4(j) (4).

For unexpired accounts:

Include the amount of any unobligated balance of appropriations or spending authority from offsetting collections that is *actually transferred* to this account from other accounts.

For expired accounts:

Amount of unobligated balances that have been canceled due to reappropriation.

Adjustments may be made to reflect enacted reductions that should have been but were not made against an account when it was unexpired. Newly enacted reductions may not be made against an expired account.

Amount of any expired unobligated balance actually transferred to this account from an expired account.

Include allocation transfers for expired accounts.

For unexpired and expired accounts:

Amount of unexpired available unobligated balances transferred from other accounts that represents an adjustment to the accounts involved and does not involve an obligation or an outlay (section 20.4(j)). Use only for transfers of balances of prior year resources resulting from general transfer authority or reorganizations authorized by law, where the purpose has not changed. Show transfers of balances of prior year resources that result from legislation that changes the purpose for which the amounts are available as adjustments to budget authority on line 1121.

Include only nonexpenditure transfers on this line. Do not include expenditure transfers, including transfers from trust funds to Federal funds required or permitted by law, because they are treated as expenditure transfers. Include expenditure transfers to this account on lines 1700 and 1800 (for amounts actually transferred via expenditure transfers); and lines 1740 and 1840 (for amounts anticipated to be transferred via expenditure transfer). The treatment of expenditure transfers is explained in section 20.4(j) (4).

1012 Unobligated balance transfers between expired and unexpired accounts (+ or -) For unexpired and expired accounts:

Amount of expired unobligated balances actually transferred into this account as the result of authority to extend the period of availability of expired balances that are not considered to be reappropriations. Do not report expired balances transfers that are considered to be reappropriations and must be reported as new budget authority (see sections 20.4(h) and 120.65). See lines 1105/1204 for expired balance transfers that are classified as reappropriations.

Amount of unexpired unobligated balances transferred out of this account pursuant specific statutory authority (e.g., foreign currency valuations in expired accounts). This authority only applies to the Department of Defense.

Also, amount of any expired expenditure transfers receivable *transferred* from an expired account to an unexpired account.

Entry	Description
1013 Unobligated balance of contract authority transferred to or from other accounts (net) (+ or –)	For unexpired accounts: Amount of unobligated balances of contract authority transferred between non-allocation accounts. This line is only for use by the Department of the Transportation.

1020 Adjustment to unobligated balance brought forward, Oct 1 (+ or -)

Changes to unobligated balances that occurred in a prior fiscal year and that were not recorded in the unobligated balance as of October 1 of the current fiscal year. These may be identified by the financial statement auditors, agency personnel, or others.

Include adjustments posted to the agency financial system that are either material or non-material. When reporting to GTAS, agencies will use an attribute to show that their USSGL account balances are not current-year activity—even though these balances would otherwise look like current-year activity. GTAS will use this attribute to crosswalk these USSGL account balances to this adjustment line.

OMB and the Department of the Treasury's Bureau of the Fiscal Service (Fiscal Service) will review the Fund Balance with Treasury (FBWT) component of the adjustments that agencies report to GTAS each quarter. The Fiscal Service will only backdate prior year adjustments on a transaction basis in a Treasury Appropriation Fund Symbol (TAFS) that round to \$1 million or more. This range includes amounts greater than or equal to \$500,000.

Agencies should generally exclude reclassifications from clearing accounts to other TAFSs, but may consult OMB if they want to include some of these reclassifications as adjustments.

Exclude the following amounts from this line:

- Downward adjustments of unpaid obligations incurred in prior fiscal years that were not outlayed. Report this on line 1021:
- Upward adjustments of obligations previously incurred.
 Report these on detailed lines 2001 through 2103; and
- Refunds collected from prior year obligations that have been outlayed from the TAFS that was charged with the original obligations. Report these amounts on lines 1700 and 1800.

On the SF 133, material and non-material adjustments to the unobligated balance as of October 1 of the current fiscal year should be included on line 1020. On the Statement of Budgetary Resources, material amounts are part of the unobligated balance as of October 1 of the current fiscal year because the prior year's financial statements are restated.

1021 Recoveries of prior year unpaid obligations

Amount of cancellations or downward adjustments of obligations incurred in prior fiscal years that were not outlayed. Include the adjustments since October 1 of the current year. Show the actual recoveries of prior year unpaid obligations, as shown on the SF 133, on reapportionment requests.

Include recovered amounts obligated against *indefinite* borrowing authority that was borrowed. Then subtract the same amount on line 1023.

Include recovered amounts obligated against *indefinite* borrowing authority that was *not* borrowed. Then subtract the same amount on line 1024.

Include recovered amounts obligated against *indefinite* contract authority that was funded or *unfunded* contract authority. Then subtract the same amount on line 1025.

Exclude cancellations or downward adjustments of obligations incurred and outlayed in prior fiscal years since they must be accompanied by cash refunds. Include cash refunds collected (i.e., recoveries of prior year obligations incurred and outlayed in prior fiscal years) on line 1033. For upward adjustments, see detailed lines 2001 through 2103.

Exclude recoveries of current year unpaid obligations, which will be netted against obligations on detailed lines 2001 through 2103.

Exclude adjustments to current year beginning balance recorded on lines 1020 and 3001.

For unexpired annual accounts, leave line 1021 blank.

For the final September 30 report, before an account is closed, all remaining unobligated and obligated balances must be canceled. To cancel these obligated balances, include the amount to be canceled, as a positive. Then, include the same amount as a negative on line 1029.

1022 Capital transfer of unobligated balances to general fund (–)

Amount of balances deposited to Treasury capital transfer receipt accounts, such as "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." These are nonexpenditure transfers. Don't include interest payments, which should be reported as obligations on SF 132 detail lines 6001 through 6173 and SF 133 detail lines 2001 through 2103. Do not include capital transfers of offsetting collections received during the year, which should be reported on lines 1720 and 1820.

1023 Unobligated balances applied to repay debt (–)

Amount of balances used for repayment of debt principal. Do not include appropriations or new offsetting collections used to repay outstanding debt (see lines 1135, 1236, 1726 and 1825). Obligations must be recorded for interest payments on SF 132 detail lines 6001 through 6173; SF 133 detail lines 2001 through 2103; and schedule P detail lines 0001 through 0899.

If the recovered amount on line 1021 above was obligated against *indefinite* borrowing authority that was borrowed, then include the repayment to Treasury of the principal amount borrowed, as a negative, on this line.

First use budgetary resources to pay interest, and the balance to repay principal as a negative on this line. Enter the obligation of interest to Treasury on detailed SF 132 lines 6001 through 6173 and on detailed SF 133 lines 2001 through 2103. Enter the interest payment to Treasury on lines 4010, 4011, 4100, and 4101.

1024 Unobligated balance of borrowing authority withdrawn (–)

Amount of balances of indefinite borrowing authority realized through recoveries of prior year unpaid obligations or downward adjustments that have been withdrawn in no-year or multiple year accounts. The sum of the amounts on lines 1024 and 1025 cannot exceed the amount on line 1021.

Note: When new appropriations or new offsetting collections are used to liquidate obligations initially incurred against *borrowing*

Entry	Description
•	authority, report the amounts on lines 1139, 1239, 1728, or 1827, as appropriate.
1025 Unobligated balance of contract	For unexpired accounts:
authority withdrawn (–)	Amount of balances of indefinite contract authority realized through recoveries of prior year unpaid obligations or downward adjustments that have been withdrawn in no-year or multiple year accounts. The sum of the amounts on lines 1024 and 1025 cannot exceed the amount on line 1021.
	Note: When new appropriations or new offsetting collections are used to liquidate obligations initially incurred against <i>contract authority</i> , report the amounts on lines 1137, 1238, 1727, or 1826, as appropriate.
1026 Adjustment for change in allocation	For unexpired and expired accounts:
of trust fund limitation or foreign exchange valuation	Adjustments related to changes in initial allocations of budget authority under limitations in the Social Security Administration and the Department of Health and Human Service. If the initial allocation is increased, enter a positive amount on this line and vice versa.
	Revaluation of gains and losses on foreign currency and special drawing rights in the Exchange Stabilization Fund.
	This line is only to be used by the Social Security Administration, the Department of Health and Human Service, and the Department of Treasury.
1027 Adjustment in unobligated balances for change in investments of zero coupon bonds (special and non-revolving trust funds)	At the time the zero coupon bond is purchased, record an amount equal to the purchase price (par value minus purchase discount) as precluded from obligation. As the discount is amortized and recorded as earnings, record the earnings as precluded from obligation. When the bond matures or is redeemed, all amounts previously precluded from obligation become available for obligation. Use only for special and non-revolving trust funds.
1028 Adjustment in unobligated balances for change in investments of zero coupon bonds (revolving funds)	At the time the bond is purchased, record an amount equal to the purchase price (par value minus purchase discount) as precluded from obligation. As the discount is amortized and recorded as earnings, record the earnings as precluded from obligation. When the bond matures or is redeemed, all amounts previously precluded from obligation become available for obligation. Use only for revolving funds.
1029 Other balances withdrawn to	For unexpired accounts:
Treasury (–)	Amount of unobligated balances written off or withdrawn by administrative action. Include cancellations in no-year accounts pursuant to <u>31 USC 1555</u> ; otherwise, do not include amounts rescinded or canceled by law.
	Do not include withdrawals of indefinite contract authority or borrowing authority when obligated balances are liquidated by offsetting collections (see lines 1727, 1728, 1826, and 1827).
	For expired accounts:
	For the final September 30 report, before an account is closed, all remaining unobligated and obligated balances must be canceled.
	To present these unobligated balances as canceled, remove the amounts from lines 2201 through 2403 and include them here, as a negative. To cancel obligated balances, include the amount on line 1021, as a positive, and on this line as a negative.

1030 Other balances withdrawn to special or trust funds (–)

For unexpired accounts:

Amount of unobligated balances written off or withdrawn by administrative action. Include cancellations in no-year accounts pursuant to <u>31 USC 1555</u>; otherwise, do not include amounts rescinded or canceled by law.

Do not include withdrawals of indefinite contract authority or borrowing authority when obligated balances are liquidated by offsetting collections (see lines 1727, 1728, 1826, and 1827).

For expired accounts:

For the final September 30 report, before an account is closed, all remaining unobligated and obligated balances must be canceled.

To present these unobligated balances as canceled, remove the amounts from lines 2201 through 2403 and include them here, as a negative. To cancel obligated balances, include the amount on line 1021, as a positive, and on this line as a negative.

1031 Other balances not available (–)

For unexpired accounts:

Include the portion of the unobligated balances in a no-year Treasury account where the amount is no longer available for obligation since the purposes for which the appropriation was enacted has been fulfilled. (e.g., analogous to what could be called a partial cancellation if allowed under 31 U.S. C. 1555).

1032 Refunds and recoveries temporarily precluded from obligation (special and trust funds) (–) Recoveries of prior year obligations and cash refunds of previously appropriated that are returned to unappropriated receipts and available for subsequent appropriation.

1033 Recoveries of prior year paid obligations

For unexpired and expired accounts:

Refunds that pertain to paid obligations recorded in prior fiscal years. Show the actual recoveries of prior year paid obligations, as shown on the SF 133, on reapportionment requests.

Includes refunds (i.e., cancellations or downward adjustments) of prior year paid obligations credited to the same appropriation or fund account charged with the original obligation. Excludes refunds of prior year paid obligations credited to a different appropriation or fund account. These will be reported on lines 1700 or 1800, as appropriate.

Applies to amounts credited to special and non-revolving trust fund expenditure accounts but not to special or trust fund receipts appropriated to special or trust fund expenditure accounts and shown as budget authority on lines 1101 and 1201.

For recoveries of prior year unpaid obligations, see line 1021.

Exclude cash refunds of amounts obligated and outlayed during the current year. For SF 133, these should be netted against the appropriate detailed lines 2001 through 2103 and lines 4010, 4011, 4100, and 4101. See Exhibit 130L.

Exclude cancellations or downward adjustments of obligations incurred in prior fiscal years that were not outlayed. Report recoveries of prior year unpaid obligations on line 1021. For upward adjustments, see detailed lines 2001 through 2103.

1034 Adjustment for unobligated balance used to liquidate deficiencies (-)

For Schedule P, report the amount of unobligated balances used to liquidate obligations that were incurred in a prior fiscal year without sufficient budget authority to cover such obligations legally. For unfunded deficiencies liquidated by appropriations, see line 1901.

Entry	Description
1035 Unobligated balance precluded from obligation (limitation on obligations) (-)	In cases where the total budgetary resources are precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations), unobligated balance of mandatory appropriation or contract authority is also precluded in special and non-revolving trust funds.
Anticipated transfers and adjustments:	
1040 Anticipated nonexpenditure transfers of unobligated balances (net) (+ or -)	Amount of the current estimate of any balances, other than balances of new budget authority, to be transferred to (+) or from (-) the account under existing legislation. No amount should be on this line on the September 30 report.
	Do not include:
	 Anticipated transfers to fund activities of a Federal agency that require legislation.
	 Transfers required or permitted by law from trust funds to Federal funds; these are reported on lines 1740 and 1840. See section 20.
	• NOTE: All transfers between Federal funds (accounts that are not trust funds; i.e., general, special, management, and revolving funds) and trust funds are treated as expenditure transfers. See section 20.4(j) (4) for additional information.
1041 Anticipated recoveries of prior year unpaid and paid obligations	Amount of the current estimate of additional recoveries of prior fiscal year obligations anticipated in unexpired accounts for the remainder of the fiscal year. For no-year and multi-year accounts, there may be amounts on this line after the first fiscal year. For unexpired annual accounts, leave line 1041 blank. <i>No amount should be on this line on the September 30 report.</i>
1042 Anticipated capital transfers and redemption of debt (unobligated balances) (–)	Amount of the current estimate of additional capital transfers and redemption of debt anticipated in unexpired accounts derived from unobligated balances for the remainder of the fiscal year under existing laws. <i>No amount should be on this line on the September 30 report.</i>
1050 Unobligated balance (total)	Equals the sum of lines 1000 through 1042. [SFs 132 and 133] Equals the sum of lines 1000 through 1035 excluding line 1001.[Schedule P]
Expired unobligated balance available for	adjustment only:
	As a general rule, unless the law expressly provides otherwise, rescissions and cancellations of unobligated balances apply only to unexpired unobligated balances. In cases where rescissions or cancellations apply to expired balances, they do not count as discretionary offsets for appropriations (see sections 20.3 and 20.4(f)).
1060 Expired unobligated balance brought forward, Oct 1	Equals the amount on line 1000 for expired accounts only.
1070 Expired unobligated balance transferred to other accounts (–)	Equals the amount on line 1010 for expired accounts only.
1071 Expired unobligated balance transferred from other accounts	Equals the amount on line 1011 for expired accounts only.

Entry	Description
1072 Expired unobligated balance transfers between expired and unexpired accounts (-)	Equals the amount on line 1012 for expired accounts only.
1080 Adjustment of expired unobligated balance brought forward, Oct 1 (+ or-)	Equals the amount on line 1020 for expired accounts only.
1081 Recoveries of prior year unpaid obligations in expired accounts	Equals the amount on line 1021 for expired accounts only.
1082 Capital transfer of expired unobligated balances to general fund (–)	Equals the amount on line 1022 for expired accounts only.
1083 Expired unobligated balances applied to repay debt (–)	Equals the amount on line 1023 for expired accounts only.
1086 Adjustment for change in allocation of trust fund limitation in expired accounts	Equals the amount on line 1026 for expired accounts only related to Social Security Administration and Department of Health and Human Services.
1089 Other expired unobligated balances withdrawn to Treasury (–)	Equals the amount on line 1029 for expired accounts only.
1090 Other expired unobligated balances withdrawn to special or trust funds (–)	Equals the amount on line 1030 for expired accounts only.
1093 Recoveries of prior year paid obligations in expired accounts	Equals the amount on line 1033 for expired accounts only.
1099 Expired unobligated balance (total)	Equals the amount on line 1050 for expired accounts only. This amount is only available for adjustments.

Entry	Discre- tionary	Man- datory	Description
Budget authority:			
Appropriations:			Amount of appropriations specified in appropriations acts or in substantive laws that become available for obligation on or after October 1 of the fiscal year.
			Regular appropriations.—Amounts made available in any of the 12 regular appropriations acts. In cases where the amount appropriated is reduced by an amount of offsetting collections or revenues during the fiscal year so as to result in a final fiscal year appropriation estimated at not more than XXX, the amount derived from the General Fund of the U.S. Treasury shown on this line should be reduced by the amount of offsetting collections or revenues received during the fiscal year on the September 30 SF 133. See exhibit 130J.
			Supplemental appropriations.—Amounts made available in supplemental appropriations acts.
			Appropriation provided under a continuing resolution.— The annualized level of the appropriation. If the continuing resolution is for less than the full year, subtract the portion not available on line 1134. See exhibits 120F and 120G.
			When the regular appropriations act is passed, replace the amount on lines 1100, 1101, 1103, 1105, 1170, and 1171

Entry	Discre- tionary	Man- datory	Description	
			 	

with the amount specified in the regular appropriations act. See exhibit 120H.

Some laws that make appropriated receipts available for obligation specify the amount appropriated. These are *definite appropriations*. Other laws that make appropriated receipts available for obligation do not specify the amount appropriated. These appropriated receipts are *indefinite appropriations*. For indefinite appropriations of appropriated receipts, refer to lines 1101 and 1201.

Appropriations contingent upon authorizing legislation or upon designation as an emergency.—When an appropriations act specifies that all or a portion of the amount appropriated is not available for obligation until specifically authorized by another law, or are not available for obligation until the President submits a budget request to the Congress designating the amount as an emergency:

- Include the *full amount* of the appropriation on line 1100, and
- Subtract the amount *not* authorized by law or *not* designated as emergency requirements by the President on line 1134 except on the September 30 SF 133.
- At the beginning of the next fiscal year, any unobligated balance that is still contingent and would still be available for new obligations if the contingency is met will be included on line 1000 and subtracted on line 1134 as unavailable until either the authorizing legislation is enacted or the amount is designated by the President. This paragraph does not apply to contingent emergency appropriations enacted in FY 1999 or earlier.

Contingent emergency appropriations from FY 1999 and prior years.—If the President designates a contingent emergency appropriation from FY 1999 or a prior year as emergency requirements, include the amount on this line in the year of the Presidential designation.

Appropriations to liquidate debt.—Appropriations that are available to repay amounts borrowed from the Treasury but are not available to incur obligations. Include the appropriation to liquidate debt on line 1100 or 1200 and the repayment to Treasury on line 1135 or 1236, as a negative. Include any excess on line 1029, as a negative.

Appropriations to liquidate deficiencies.—Appropriations that are specifically made available to liquidate obligations in excess of budgetary resources and not available to incur obligations. Include appropriations to liquidate deficiencies on line 1100 or 1200 as a positive amount and on line 1136 or 1237 as a negative amount on schedule P only. If appropriations that are not specifically made available to liquidate deficiencies (and are otherwise available for obligation) are used to liquidate deficiencies, included the appropriations on line 1100 or 1200 as a positive amount and on line 1901, as a negative amount on schedule P only. Deficiencies are included on lines 7000 through 7020 for schedule P only. This applies to unexpired and expired accounts. Normally, there are no excess amounts because

Entry	Discre-	Man-	Description
	tionary	datory	these appropriations are requested after the deficiency is known, whereas, the agencies normally budget for appropriations to liquidate debt and appropriations to liquidate contract authority.
			Appropriations to liquidate contract authority.—Typically, contract authority is provided to incur obligations in one action by Congress (often in authorizing legislation) and separate appropriations of liquidating cash are provided in appropriations acts. The appropriation to liquidate is shown as a positive amount on line 1100 or 1200 and as a negative on line 1137 or 1238. Thus, the total budgetary resources on lines 1910 (SF 133), 1920 (SF 132), and 1930 (Schedule P) equal zero. See exhibit 120M.
			In a few cases, contract authority may be provided in order to permit agencies to incur obligations in anticipation of offsetting collections and appropriations to liquidate the obligations may be provided if the anticipated offsetting collections have not been realized. These appropriations to liquidate should be recorded as described above. Include any excess amounts on line 1138 as a negative.
			Appropriations substituted for borrowing authority.— Occasionally, portions of appropriations are available to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised. The amounts are available to liquidate obligations but are not available for obligation. Include such portion substituted for borrowing authority on this line. Include an amount equal to the portion of appropriation substituted for borrowing authority on line 1139 or 1239 as a negative. Thus, the budgetary resources on lines 1910 (SF 133), 1920 (SF 132), and 1930 (Schedule P) equal zero.
			Debt forgiveness appropriation.—An amount that Congress provided equivalent to an inferred appropriation to retire debt as specified in a public law. The amount is shown as a positive amount on line 1100 or 1200 and as a negative amount on line 1135 or 1238.
			Appropriations of Specific Amounts of which "Not to Exceed" a Portion Remains Available Beyond the Remainder of the Appropriation. See details following the description of line 1930.
			Interest on the public debt. See details following the description of line 1930.
Appropriation	1100	1200	Amount appropriated from the General Fund of the U.S. Treasury.
			If this is a special fund account that receives an appropriation from the General Fund of the Treasury, include the general fund appropriation on this line.
			If this is a trust fund account that receives an appropriation from the General Fund of the U.S. Treasury, do not include the general fund appropriation on this line. Such amounts are transferred to the trust fund as an expenditure transfer. Consult with your OMB representative.
			Include amounts for liquidation of contract authority, debt reduction, and liquidation of deficiencies, when applicable.

Entry	Discre- tionary	Man- datory	Description
	V	Ţ	Definite appropriation.—Include the amount specified in law. Indefinite appropriation from other than appropriated receipts.—Include an estimate of the amount to be obligated during the fiscal year. On the September 30 report, reduces the amount on lines 1100 and 1200 for the portion that is not needed to cover obligations. Therefore, the amount certified by appropriation warrants for the year, after being reduced by negative warrants issued by the Treasury or end-of-year statements.
			Report the amount of emergency appropriations enacted or requested as discretionary appropriations, including amounts that are contingent on the President submitting a budget request to Congress designating the amount as an emergency.
			Forward funding.—Include the amount appropriated on this line even though the funds may not become available until July 1 st .
Appropriation (special or trust fund)	1101	1201	Amount appropriated from special or trust fund receipts.
			• The following applies to lines 1101 and 1201.
			 Appropriated receipts.—Collections deposited in special and trust fund receipt accounts that are earmarked for special and trust fund expenditure accounts. Of these amounts:
			• Some receipts are <i>appropriated</i> and are available for obligation. Include the amounts <i>collected in the current fiscal year</i> on this line.
			• Some receipts are appropriated, but a portion is precluded from obligation by a provision of law, such as a benefit formula or limitation. Include the amounts collected in the current fiscal year on this line. Subtract the amounts that are that are not expected to be available as a negative amount on line 1134 or 1234 and show this amount on the September 30 report. See exhibit 120N.
			 Some receipts were collected in a previous fiscal year and precluded from obligation in a previous fiscal year. Include the amounts expected to become available pursuant to law during the fiscal year on this line.
			• Some receipts are <i>not appropriated</i> . Exclude these amounts from this line.
			NOTE: In exceptional cases, there is authority in law to invest collections. In such cases, the current year collections and prior year collections (not shown on the SF 132) will not be available for obligation (and will not be included on the SF 132 and SF 133 until needed to incur obligations) but will be available for investment. Unlike OMB, Treasury classifies these funds as "available."
Appropriation (previously unavailable)	1102	1203	For special and non-revolving trust funds, amount previously reported as precluded from obligation on line

Entry	Discre- tionary	Man- datory	Description
	·	·	prior fiscal year that becomes available for obligation in a subsequent fiscal year. For revolving funds, amount sequestered on line 1132 or 1232 in a prior fiscal year that becomes available for obligation in a subsequent fiscal year. <i>Use only with OMB approval</i> .
Appropriation available from subsequent year	1103	n/a	Portion of the succeeding year's appropriation made available for obligation as advance funding.
Appropriation available in prior year (–)	1104	n/a	Portion of the appropriation made available for obligation as advance funding in the preceding year. The following applies to lines 1103 and 1104.
			Advance funding is generally used to finance higher than anticipated costs in benefit programs. Include the portion that will be obligated in the current year on this line. Exclude the amount obligated last year. "Appropriation available from subsequent year" and "Appropriation available in prior year (–)" are types of advance funding.
Reappropriation	1105	1204	Amount of new budget authority resulting from legislation that extends the availability of funds that have expired or would otherwise expire. Such extensions of availability are counted as new budget authority in the first year of the extended availability (see sections 20.4(h) and 120.65).
			The losing account has expired; therefore, no reapportionment action is needed for the losing account. For the SF 133, the losing account will include a negative amount on line 1131 or 1230 of the previous year.
			Use line 1012 for expired unobligated balance transfers that are not reported as new budget authority in the unexpired account. Use line 1010 for the expired account. Since the losing account has expired, no reapportionment action is required.
Nonexpenditure transfers:			
Appropriations transferred to other accounts (–)	1120	1220	Amount of budget authority enacted for the fiscal year that is <i>actually</i> transferred from the account to other accounts under existing legislation that does not involve an obligation or an outlay.
			Normally, the entries on this line are transfers of <i>new budget authority</i> . However, there are exceptions. Use this line to show transfers of <i>unobligated balances</i> authorized by Congress in lieu of appropriations; or resulting from legislation that changes the purpose for which the balances are available.
			Show transfers resulting from general transfer authority or reorganizations, where the purpose has not changed or on line 1010.
			For transfers pursuant to existing law of mandatory funding to be used for otherwise discretionary activities, show the transfer on line 1220 in the losing account and on line 1121 in the receiving account, using the appropriate BBEDCA classifications for the respective accounts.
			The entries on this line are nonexpenditure transfers between two Federal Government accounts. (The treatment of nonexpenditure transfers is explained in section $20.4(j)$ (4)).

Entry	Discre- tionary	Man- datory	Description
	•		NOTE: All transfers between Federal funds (accounts that are not trust funds; i.e., general, special, management, and revolving funds) and trust funds are treated as expenditure transfers. See section 20.4(j) (4) for additional information.
Appropriations transferred from other accounts	1121	1221	Amount of budget authority enacted for the fiscal year that is actually transferred into this account from other accounts under existing legislation that does not involve an obligation or an outlay.
			Normally, the entries on this line are transfers of new budget authority. However, there are exceptions. Use this line to show transfers of unobligated balances authorized by Congress in lieu of appropriations or resulting from legislation that changes the purpose for which the balances are available.
			Show transfers resulting from general transfer authority or reorganizations, where the purpose has not changed or on line 1011.
			For transfers of mandatory funding to be used for otherwise discretionary activities, see the guidance under lines 1120/1220.
			The entries on this line are nonexpenditure transfers between two Federal Government accounts. (The treatment of nonexpenditure transfers is explained in section 20.4(j) (4)).
			NOTE: All transfers between Federal funds (accounts that are not trust funds; i.e., general, special, management, and revolving funds) and trust funds are treated as expenditure transfers. See section $\underline{20.4(j)}$ (4) for additional information.
Adjustments:			
Appropriations permanently reduced (–)	1130	n/a	Amount of permanent rescissions, reductions, and cancellations of new appropriations.
Unobligated balance of appropriations permanently reduced (-)	1131	n/a	Amount of permanent rescissions, reductions, and cancellations of unobligated balances of appropriations.
Appropriations and/or unobligated balance of appropriations permanently reduced (–)	n/a	1230	Amount of permanent rescissions, reductions, and cancellations of new appropriations and unobligated balances of appropriations.
Appropriations temporarily reduced (–)	1132	n/a	Amount of temporary rescissions, reductions, and cancellations of new appropriations. Use only for revolving (i.e., sequestered appropriations only), special and non-revolving trust funds.
Unobligated balance of appropriations temporarily reduced (–)	1133	n/a	Amount of temporary rescissions, reductions, and cancellations of unobligated balances of appropriations. <i>Use only for special and non-revolving trust funds</i> .
Appropriations and/or unobligated balance of appropriations temporarily reduced (–)	n/a	1232	Amount of temporary rescissions, reductions, and cancellations of new appropriations and unobligated balances of appropriations. <i>Use only for revolving (i.e., sequestered appropriations only), special and non-revolving trust funds.</i>
Appropriations precluded from obligation (–)	1134	1234	In addition to special and trust funds, this line may be used for accounts other than special and trust funds throughout the fiscal year. Refer to the specific circumstances below.

Entry	Discre-	Man-	D 1.4
	tionom	datam	Description
	tionary	datory	
			For special and trust fund accounts, amount produced from

For special and trust fund accounts, amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). This amount is treated as a balance of unavailable budgetary resources. When a mandatory amount becomes available for obligation, report it on line 1203.

The following paragraphs describe the application of the above principle to specific circumstances:

- Appropriated receipts.—For the September 30 SF 133, include the portion of receipts collected in the current fiscal year in special or trust funds that is precluded from obligation due to a provision of law (such as a limitation on obligations or a benefit formula). For special and trust funds with mandatory appropriations, the total amount of new receipts is included on line 1201. This amount is treated as a balance of budgetary resources (see the description of line 1203).
- Appropriations provided by a part-year continuing resolution.—When an account is operating under a part-year continuing resolution, include, as a negative amount, the portion of the annualized level included on lines 1100 and 1101 that is not available for obligation under the terms of the continuing resolution. Do not include this amount on the September 30 SF 133.
- Deferral.—When a congressionally-initiated deferral of an amount that has been appropriated is enacted, include the amount not available for obligation, as a negative amount, on this line. Do not include this amount on the September 30 SF 133
- Appropriations contingent upon authorizing legislation.—Include amount not available for obligation until specifically authorized by another law, as a negative amount. For SF 132, cite the appropriations act in the stub. The full amount of the appropriation is on lines 1100 and 1101. Do not include this amount on the September 30 SF 133.
- Emergency, contingent appropriations.—Include amount representing the funds the President has not yet designated as emergency requirements, as a negative amount. The full amount of the appropriation is on lines 1100 and 1101. Do not include this amount on the September 30 SF 133.

In addition, other amounts appropriated for emergencies may also be included if an emergency must exist to make the funds available for obligation, even if a Presidential declaration is not required.

Obligation limitations.—Include amount by which an obligation limitation reduces the budget resources temporarily (the budget resources remain available after the expiration of the obligation limitation).

Entry	Discre- tionary	Man- datory	Description
	·	·	The Impoundment Control Act (2 U.S.C. <u>683</u> – <u>684</u>) and the Antideficiency Act (<u>31 U.S.C. 1512</u>) are not valid authorizing citations for this line.
Capital transfer of appropriations to general fund (–)	n/a	1235	This line is only for use by the Department of Education where appropriations were temporarily reduced via sequestration in a prior fiscal year but must be returned to the general fund in the subsequent fiscal year.
Appropriations applied to repay debt (–)	1135	1236	Amount of appropriations (including inferred appropriations) used for repayment of debt principal (when legislation is enacted that forgives outstanding debt to Treasury). Do not include new offsetting collections used to repay outstanding debt (see lines 1726 and 1825). Obligations must be recorded for interest payments on SF 132 detail lines 6001 through 6173; SF 133 detail lines 2001 through 2103; and Schedule P detail lines 0001 through 0899.
Appropriations reduced by offsetting collections (collected) or offsetting receipts (-)	1136	n/a	Amount of offsetting collections or offsetting receipts used to reduce the appropriation derived from the General Fund of the U.S. Treasury while waiting for the appropriation warrant to be adjusted. See Exhibit 130J. <i>No amounts should be on this line on the September 30 report.</i>
Appropriations applied to liquidate contract authority (–)	1137	1238	Amount of appropriations to liquidate contract authority. This amount is not available for new obligations pursuant to the appropriations act.
Appropriations applied to liquidate contract authority withdrawn (–)	1138	n/a	Amount of excess appropriations to liquidate contract authority withdrawn.
Appropriations substituted for borrowing authority (–)	1139	1239	Amount of appropriations used to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised.
Anticipated appropriations:			
Anticipated appropriation (+ or –)	1150	1250	Amount of indefinite appropriations anticipated to become available under existing law for the remainder of the fiscal year. On the SF 133, this amount may differ from the amount on the latest SF 132 to the extent it is a more current estimate. <i>No amounts should be on these lines on the September 30 report.</i>
			Anticipated collection of available receipts.
			Anticipated amount from indefinite appropriations other than from appropriated receipts to be reduced by negative warrants issued by the Treasury or end-of-year statements.
			Do not include:
			 Indefinite appropriations included on lines 1100, 1101, 1200, and 1201.
			 Anticipated, un-enacted supplemental appropriations.
Anticipated nonexpenditure transfers of appropriations (net) (+ or -)	1151	1251	Include the current estimate of appropriations anticipated to be transferred to this account (+) net of appropriations to be transferred from (–) this account under existing legislation. No amounts should be on these lines on the September 30 report.

Entry	Discre- tionary	Man- datory	Description
			Do not include:
			• Transfers that have been made and included on lines 1120, 1121, 1220, and 1221.
			 Anticipated transfers that require legislation.
Anticipated capital transfers and redemption of debt (appropriations) (-)	1152	1252	Amount of the current estimate of additional capital transfers and redemption of debt anticipated in unexpired accounts derived from appropriations for the remainder of the fiscal year under existing laws. Report anticipated capital transfers only on line 1252. No amounts should be on these lines on the September 30 report.
Anticipated reductions to appropriations by offsetting collections or offsetting receipts (-)	1153	n/a	Amount of anticipated offsetting collections or offsetting receipts used to reduce the appropriation derived from the General Fund of the U.S. Treasury while waiting for the appropriation warrant to be adjusted. See Exhibit 130J. <i>No amounts should be on this line on the September 30 report.</i>
Appropriation (total)	1160	1260	Equals the sum of lines 1100 through 1153. [SFs 132 and 133]
			Equals the sum of lines 1100 through 1135 and 1137 through 1139. [Schedule P]
			Equals the sum of lines 1200 through 1252. [SFs 132 and 133]
			Equals the sum of lines 1200 through 1239. [Schedule P]
Advance appropriations:			
Advance appropriation Advance appropriation (special or trust fund)	1170 1171	1270 1271	Amounts provided in appropriation acts that become available for obligation one fiscal year or more beyond the fiscal year for which the legislation is enacted. Report the amount in the year in which it first becomes available for obligation.
			For example, if you received advance appropriations for fiscal year 2012 in the regular annual appropriations act for fiscal year 2011, then include the advance appropriation on this line for the fiscal year 2012.
			Use line 1270 for advance appropriations of mandatory budget authority in appropriations acts.
Nonexpenditure transfers:			
Advance appropriations transferred to other accounts (-)	1172	1272	Amounts provided in appropriation acts that become available for obligation one fiscal year or more beyond the fiscal year for which the legislation is enacted that are <i>actually</i> transferred from the account to other accounts under existing legislation that does not involve an obligation or an outlay.
Advance appropriations transferred from other accounts	1173	1273	Amounts provided in appropriation acts that become available for obligation one fiscal year or more beyond the fiscal year for which the legislation is enacted that are <i>actually</i> transferred into this account from other accounts under existing legislation that does not involve an obligation or an outlay.

Entry	Discre- tionary	Man- datory	Description
Adjustments:			
Advance appropriations permanently reduced (-)	1174	1274	Amount of permanent rescissions, reductions, and cancellations of advance appropriations.
Advance appropriations temporarily reduced (–)	1175	1275	Amount of temporary rescissions, reductions, and cancellations of advance appropriations. <i>Use only for special and non-revolving trust funds.</i>
Anticipated advanced appro	opriations:		
Anticipated nonexpenditure transfers of advanced appropriations (net) (+ or –)	1176	1276	Include the current estimate of advanced appropriations anticipated to be transferred to this account (+) net of advanced appropriations to be transferred from (–) this account under existing legislation. No amounts should be on these lines on the September 30 report.
			Do not include:
			• Transfers that have been made and included on lines 1172, 1173, 1272, and 1273.
Advance appropriation (total)	1180	1280	Equals the sum of lines 1170 through 1176. [SFs 132 and 133]
			Equals the sum of lines 1170 through 1175. [Schedule P]
			Equals the sum of lines 1270 through 1276. [SFs 132 and 133]
			Equals the sum of lines 1270 through 1275. [Schedule P]
Borrowing authority:			Amount of new borrowing authority, primarily from the Treasury, to finance obligations and outlays. Include the amount becoming available for obligation on or after October 1 of the fiscal year.
			Repayment of principal and interest.—Include the repayment of principal, as a negative, on lines 1023, 1135, 1236, 1726 and 1825. Include estimated interest obligations on detailed lines 2001 through 2103.
			Appropriation to liquidate debt.—Include appropriations to liquidate debt on line 1100, not on line 1300. Such appropriations are provided when proceeds to the account are insufficient to repay borrowing.
			Direct loan financing accounts.—Include the amount of new borrowing authority needed to finance the part of direct loan obligations not financed by subsidy payments from the program account and fees from borrowers.
			Guaranteed loan financing accounts.—Include the amount of new borrowing authority needed to cover any default claims and other cash outflows that cannot be financed by unobligated balances.
Borrowing authority	1300	1400	Amount of new authority authorized to be expended from moneys derived from borrowing from the Treasury or from sources other than Treasury (including the Federal Financing Bank). To the extent that indefinite borrowing authority is used to cover obligations, report borrowing authority for all such obligations even though subsequent appropriations or offsetting collections will ultimately be used to liquidate the obligations. Definite borrowing authority.—Include the amount specified in law.

Entry	Discre- tionary	Man- datory	Description
	ĭ	J	Indefinite borrowing authority.—Include an estimate of the amount to be obligated during the fiscal year. On the September 30 report, reduce this amount by the amount of <i>indefinite</i> borrowing authority that is not needed to cover obligations.
Adjustments:			
Borrowing authority permanently reduced (–)	1320	1420	Amount of permanent rescissions, reductions, and cancellations of new borrowing authority.
Borrowing authority temporarily reduced (–)	n/a	1421	Amount of temporary reductions (i.e., sequestration only) of borrowing authority. <i>Use only for revolving, special and non-revolving trust funds</i> .
Borrowing authority applied to repay debt (–)	n/a	1422	Amount of borrowing authority exercised but not used to liquidate obligations. <i>Use only in financing accounts in PY unless specifically approved by OMB.</i>
Borrowing authority precluded from obligation (limitation on obligations) (–)	n/a	1423	Amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations). This amount is treated as a balance of unavailable budgetary resources. For this particular situation, the amount has been determined to be unavailable for future obligations. This line is only for the revolving fund in the Department of Agriculture where borrowing authority was limited.
Anticipated borrowing auth	ority:		
Anticipated reductions to current fiscal year	1330	1430	Amount of current estimate of reductions during the fiscal year to borrowing authority.
borrowing authority (–)			No amounts should be on these lines on the September 30 report.
Borrowing authority (total)	1340	1440	Equals the sum of lines 1300 through 1330. [SFs 132 and 133]
			Equals the sum of lines 1300 through 1320. [Schedule P]
			Equals the sum of lines 1400 through 1430. [SFs 132 and 133]
			Equals the sum of lines 1400 through 1423. [Schedule P]
Contract authority:			
Contract authority	1500	1600	Amount of new authority to incur obligations in advance of collections or an appropriation to liquidate contract authority.
			Amount of new contract authority to incur obligations that typically will require a separate appropriation of liquidating cash before payments can be made.
			Definite contract authority.—Include the amount specified in law.
			Indefinite contract authority.—Include an estimate of the amount to be obligated during the year. On the September 30 report, reduce the amount on lines 1500 and 1600 for the portion that is not needed to cover obligations.
			Appropriation to liquidate contract authority.—Do not include on lines 1500 or 1600. Include on line 1137 or 1238. If a portion of the appropriation to liquidate contract authority is not needed, then include the amount (as a negative) on line 1138 for the discretionary appropriation.

Entry	Discre- tionary	Man- datory	Description
	v	V	Occasionally, contract authority is provided in anticipation of receiving offsetting collections. Include the amount becoming available on or after October 1 of the fiscal year.
Contract authority (previously unavailable)	n/a	1603	This line is only for use by the Department of Transportation where contract authority was temporarily reduced via sequestration in a prior fiscal year but is available for obligation in the subsequent fiscal year.
Nonexpenditure transfers: Contract authority transferred to other accounts (–)	1510	1610	Amount of contract authority transferred to other accounts.
Contract authority transferred from other accounts	1511	1611	Amount of contract authority transferred from other accounts to this account.
Adjustments: Contract authority and/or unobligated balance of contract authority permanently reduced (–)	1520	1620	Amount of permanent rescissions, reductions, and cancellations of new contract authority and unobligated balances of contract authority.
Contract authority temporarily reduced (–)	n/a	1621	Amount of temporary reductions (i.e., sequestration only) of contract authority. Use only for special fund in Department of the Interior and non-revolving trust fund in Department of Transportation.
Contract authority precluded from obligation (limitation on obligations) (–)	1522	1622	Amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations). <i>Use only with OMB approval</i> .
Anticipated contract author	ity:		
Anticipated nonexpenditure transfers of contract authority (net) (+ or –)	1530	1630	Include the current estimate of contract authority anticipated to be transferred to (+) this account net of contract authority to be transferred from (–) this account under existing legislation.
			No amounts should be on these lines on the September 30 report.
			Do not include:
			• Transfers that have been made and included on lines 1510, 1511, 1610 and 1611.
			 Anticipated transfers that require legislation.
Anticipated adjustments to current year contract authority (+ or -)	1531	1631	Amount of current estimate of reductions or increases during the fiscal year to contract authority. This also includes the estimated liquidation of contract authority from offsetting collections.
			No amounts should be on these lines on the September 30 report.
Contract authority (total)	1540	1640	Equals the sum of lines 1500 through 1531. [SFs 132 and 133]
			Equals the sum of lines 1500 through 1522. [Schedule P] Equals the sum of lines 1600 through 1631. [SF s 132 and
			133]
			Equals the sum of lines 1600 through 1622. [Schedule P]

Entry	Discre- tionary	Man- datory	Description
Spending authority fr	·	•	As a general rule, spending authority from offsetting collections from Federal sources should be classified as mandatory or discretionary based on the activities for which the offsetting collections are outlayed and spending authority from offsetting collections from non-Federal sources should be classified based on whether the legislative language that created the collection is in authorizing legislation or appropriations act (see section 81.2).
Collected	1700	1800	For unexpired and expired accounts:
			Offsetting collections credited to expenditure accounts by law.
			See section <u>83.5</u> for direct or reimbursable classification of associated obligations against spending authority from offsetting collections.
			In most cases, these lines apply to general fund expenditure accounts, revolving funds, and trust revolving funds. In a few cases, offsetting collections for reimbursable work and payments from Federal funds may be specifically authorized by law to be credited to special fund expenditure accounts and non-revolving trust fund expenditure accounts, in which case, these lines should be used to report such amounts.
			Amount of <i>reimbursements or other income earned and collected</i> to date during the current fiscal year, including those for revolving funds.
			Include <i>collections of receivables</i> in either the net unpaid obligations or the unobligated balances brought forward, if any.
			Include refunds of prior year paid obligations that are credited to a different appropriation or fund account than the one charged with the original obligation. Exclude refunds of prior year paid obligations credited to the same appropriation or fund account charged with the original obligation. These will be reported on line 1033. This represents one type of recoveries of prior year obligations. For recoveries of prior year unpaid obligations, see line 1021.
			To return a cash advance or other offsetting collection received in a prior fiscal year, obligate and outlay the amount in the current fiscal year.
			Amount of increase (+) or decrease (-) from October 1 in <i>unfilled orders</i> on hand <i>accompanied by an advance</i> .
			Amount of expenditure transfers from a trust fund account to a Federal fund account, pursuant to appropriations or other laws, to fund the activities of an agency that are (or would be) normally funded in a Federal fund account.
			In exceptional cases, this includes expenditure transfers from a Federal or trust fund account to a trust fund account. For example, one exception to this rule is Social Security Administration's Limitation on Administrative Expenses where the expenditure transfers are from general or trust fund accounts to a trust fund account. Another exception to this rule is for credit reform where the expenditure transfers are from (1) the program account to a financing account or (2) financing account to a liquidating account where the

Entry	Discre- tionary	Man- datory	Description
	·	·	source of the funding for either situation is derived from trust fund receipts. <i>Exceptions must be pre-approved by OMB</i> .
			For special and trust fund accounts, include offsetting collections for reimbursable work and payments from Federal funds when specifically authorized by law.
			For initial apportionments, include anticipated collections on line 1740 or 1840 as appropriate. If the TAFS is reapportioned during the fiscal year, include actual amounts on lines 1700, 1701, 1800, 1801 and anticipated amount on lines 1740 or 1840.
			Report offsetting collections <i>earned and collected</i> even if they are used to liquidate the contract authority, rather than provide new spending authority. Include the collections as a positive amount on line 1700 or 1800 and as a negative amount on line 1727 or 1826.
			Report offsetting collections <i>earned</i> and collected that is substituted for borrowing authority to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised. Include the collections as a positive amount on line 1700 or 1800 and as a negative amount on line 1728 or 1827.
			Exclude cash refunds of amounts obligated and outlayed during the current year. For SF 133, these should be netted against the appropriate detailed lines 2001 through 2103 and lines 4010, 4011, 4100, and 4101.
			For credit financing accounts, include the subsidy collected from the program account when loans are disbursed.
			Exclude any adjustments to current year beginning balances recorded on line 1020 and 3011.
			For annual accounts and the last year of multi-year accounts, advanced received on this line should reflect <i>obligated amounts</i> only on the September 30 report. For no-year accounts, amounts on this line may remain unobligated on the September 30 report. See section 130.9 for further details on Economy Act transactions involving different periods of availability.
			For expired accounts:
			Amount of decrease (–) from October 1 in <i>unfilled customer</i> orders on hand accompanied by an advance.
			Amount of collections of receivables included in either the net unpaid obligations or the unobligated balances brought forward, if any.
			Include collections from trust fund accounts for reimbursable work.
			Exclude any adjustments to current year beginning balances recorded on lines 1020 and 3011.
Change in uncollected payments, Federal sources (+ or –)	1701	1801	Amount of increase (+) or decrease (-) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year.

Entry	Discre- tionary	Man- datory	Description
			For unexpired accounts: Amount of reimbursements from another Federal Government account that is earned, but not collected, to date during the current fiscal year, including those for revolving funds. If during the fiscal year, the amount is collected, move the amount to lines 1700 and 1800, above.
			Amount of expenditure transfers from a trust fund account to a Federal fund account is <i>authorized by law, but not collected</i> , to date during the current fiscal year. If during the fiscal year, the amount is collected, move the amount to lines 1700 and 1800, above.
			For <i>collections of receivables</i> included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative:
			• The decrease in reimbursable receivables, and
			• Receivables written off.
			Amount of increase (+) or decrease (-) from October 1, in unfilled orders on hand from other Federal Government accounts, that are valid obligations of the ordering account and are <i>not</i> accompanied by an advance.
			For annual accounts and the last year of multi-year accounts, unpaid, unfilled orders from Federal sources on this line should reflect <i>obligated amounts</i> only on the September 30 report. For no-year accounts, unpaid, unfilled orders from Federal sources on this line may remain unobligated on the September 30 report. See section 130.9 for further details on
			Economy Act transactions involving different periods of availability.
			For expired accounts:
			For <i>collections of receivables</i> included in either the net unpaid obligations or the unobligated balances brought forward, include, as a negative, the decrease in reimbursable receivables. Also include, as a negative, receivables written off.
			Amount of decrease (–) from October 1, in unfilled customer orders on hand from other Federal Government accounts that are valid obligations of the ordering account and are <i>not</i> accompanied by an advance.
			For unexpired and expired accounts:
			Amounts reported as an accounts receivable from a trust fund must be accompanied by a valid accounts payable from that trust fund account. These receivables should be included in either the net unpaid obligations or the unobligated balances at the end of the fiscal year.
			Federal agencies should only write-off accounts receivable from a Federal source under limited circumstances. Circumstances include, but are not limited to, denials from Congress on requests for appropriations in order to satisfy the accounts receivable (supplemental or deficiency appropriations). If the Federal agency is permitted to write-off account receivables from a Federal source, this entire

off account receivables from a Federal source, this action reduces the total budgetary resources available in the TAFS. If sufficient budgetary resources are not available to

cover the obligations incurred in the TAFS, refer to section

Entry	Discre- tionary	Man- datory	Description
	Ĭ	Ĭ	145 for further action to take. Applies only to budgetary account receivable. Does not impact the proprietary account receivable.
Offsetting collections (previously unavailable)	1702	1802	For accounts with limitations on the use of offsetting collections, unappropriated or temporarily reduced, the amount of budget authority that is expected to become available for obligation pursuant to law from unavailable balances of offsetting collections.
			Previously precluded or unappropriated.—Amount of offsetting collections collected in the previous year but precluded from obligation or was unappropriated in a previous fiscal year. Include the amounts expected to become available pursuant to law during the fiscal year on this line.
			Previously temporarily reduced.—Amount of (1) account- specific offsetting collections rescinded or cancelled and (2) across-the-board reductions in budget authority (percentage or other) mandated in appropriations law taken from more than one account, and the agency head or other Executive Branch official was authorized to distribute the reduction to affected accounts. Include the amounts on this line in the fiscal year in which the amount is needed.
Nonexpenditure transfers:			
Spending authority from offsetting collections transferred to other accounts (–)	1710	1810	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority (spending authority from offsetting collections) to the accounts and does not involve an obligation or outlay (see the description of line 1120 for more information). Transfers of balances should be reported on lines 1010, 3060 or 3070, as appropriate. Although the spending authority is transferred to another account, the offsetting collection will be credited to the account that initially received the collection on lines 4030 through 4034 or 4120 through 4124.
Spending authority from offsetting collections transferred from other accounts	1711	1811	Amount transferred from other accounts in the same year the authority becomes available for obligation when the transfer is treated as an adjustment in budget authority to the accounts and does not involve an obligation or outlay (see the description of line 1121 for more information). Transfers of balances should be reported on lines 1011, 3061 or 3071, as appropriate. Although the spending authority is transferred from another account, the offsetting collection will be credited to the account that initially received the collection on lines 4030 through 4034 or 4120 through 4124.
Adjustments:	1500	1020	
Capital transfer of spending authority from offsetting collections to general fund (–)	1720	1820	Amount of spending authority from offsetting collections deposited to Treasury capital transfer receipt accounts, such as "Earnings of Government-owned enterprises," or "Repayments of capital investment, Government-owned enterprises." These are nonexpenditure transfers. Don't include interest payments or capital transfers of offsetting collections received during the year (see lines 1720 and 1820). Include interest obligations on detailed SF 132 lines 6001 through 6173 and detailed SF 133 lines 2001 through 2103.

Entry	Discre- tionary	Man- datory	Description
	·	·	Primarily used by revolving funds, however may be used by other accounts with OMB approval.
Spending authority from offsetting collections permanently reduced (–)	1722	1822	Amount of permanent rescissions, reductions, and cancellations of new spending authority from offsetting collections.
New and/or unobligated balance of spending authority from offsetting collections temporarily reduced (–)	1723	1823	Amount of temporary rescissions, reductions, and cancellations of new spending authority from offsetting collections and unobligated balances of spending authority from offsetting collections.
Spending authority from offsetting collections precluded from obligation (limitation on obligations) (-)	1725	1824	Amount precluded from obligation in a fiscal year by a provision of law (such as a limitation on obligations or a benefit formula). This amount is treated as a balance of unavailable budgetary resources. When the amount becomes available for obligation, report it on line 1702 or 1802.
			Spending authority from offsetting collections provided by a part-year continuing resolution.—When an account is operating under a part-year continuing resolution, include, as a negative amount, the portion of the annualized level included on lines 1700/1701 and 1800/1801 that is not available for obligation under the terms of the continuing resolution. Do not include this amount on the September 30 SF 133.
			Limitation on revolving fund.—Include amount not available for obligation due to a provision of law, such as a limitation on administrative expenses or construction.
			Obligation limitations.—Include amount by which an obligation limitation reduces the budget resources temporarily (the budget resources remain available after the expiration of the obligation limitation).
			The Impoundment Control Act (2 U.S.C. <u>683</u> – <u>684</u>) and the Antideficiency Act (<u>31 U.S.C. 1512</u>) are not valid authorizing citations for this line.
Spending authority from offsetting collections applied to repay debt (–)	1726	1825	Amount of offsetting collections used for repayment of debt principal. Do not include appropriations used to repay outstanding debt (see lines 1135 and 1236). Obligations must be recorded for interest payments on SF 132 detail lines 6001 through 6173; SF 133 detail lines 2001 through 2103; and Schedule P detail lines 0001 through 0899. Primarily use budgetary resources to pay interest, and the balance to repay principal as a negative on this line.
Spending authority from offsetting collections	1727	1826	Amount of offsetting collections used to liquidate contract authority that is not available for new obligations.
applied to liquidate contract authority (–)			Include portion of spending authority from offsetting collections used to replace the contact authority initially obligated against. The spending authority from offsetting collections may include cash, receivables from Federal sources, and unfilled customer orders.
Spending authority from offsetting collections substituted for borrowing authority (–)	1728	1827	Amount of offsetting collections used to liquidate obligations initially incurred against borrowing authority when the borrowing is not exercised.

ity from offs 1740	_	ctions:
1740		
	1840	Amount of the current estimate of anticipated collections (for example, anticipated orders from Federal sources or anticipated refunds) expected for the remainder of the year. No amounts should be on these lines on the September 30 report.
		Amount of expenditure transfers anticipated for the remainder of the year.
		For direct loan financing accounts, include a current estimate for the rest of the year of the loan subsidy anticipated from the program account.
		Deposit advances (as defined in section 20.10) without orders from Federal customers in budget clearing account F3885 "Undistributed intergovernmental payments" until an order is received.
		Deposit advances without orders from non-Federal customers in deposit fund X6500 "Advances without orders from non-Federal sources."
1741	1841	Include the current estimate of spending authority from offsetting collections anticipated to be transferred to (+) or from (-) the account under existing legislation. <i>No amounts should be on these lines on the September 30 report.</i>
		Do not include:
		• Transfers that have been made and included on lines 1710, 1711, 1810, or 1811.
		• Anticipated transfers that require legislation.
1742	1842	Amount of the current estimate of additional capital transfers and redemption of debt anticipated in unexpired accounts derived from spending authority from offsetting collections for the remainder of the fiscal year under existing laws. No amounts should be on these lines on the September 30 report.
1750	1850	Equals the sum of lines 1700 through 1742. [SFs 132 and
		133]
		Equals the sum of lines 1700 through 1728. [Schedule P]
		Equals the sum of lines 1800 through 1842. [SFs 132 and 133]
		Equals the sum of lines 1800 through 1827. [Schedule P]
1900	1900	Equals the sum of combined total of mandatory and discretionary budget authority (lines 1100 through 1153, 1170 through 1176, 1200 through 1252, 1270 through 1276, 1300 through 1330, 1400 through 1430, 1500 through 1531, 1600 through 1631, 1700 through 1742, and 1800 through 1842). [SFs 132 and 133] Equals the sum of combined total of mandatory and discretionary budget authority (lines 1100 through 1135, 1137 through 1139, 1170 through 1175, 1200 through 1239, 1270 through 1275, 1300 through 1320, 1400 through 1423,
	1742 1750	1742 1842 1750 1850

Entry	Discre- tionary	Man- datory	Description
Adjustment for new budget authority used to liquidate deficiencies (–)	1901	1901	For Schedule P, report the amount of new budget authority used to liquidate obligations that were incurred in a prior fiscal year without sufficient budget authority to legally cover such obligations. The line adjusts the total budgetary resources available for new obligation without reducing the amount of budget authority appropriated. For unfunded deficiencies liquidated by unobligated balances, see line 1034.
Total budgetary resources	1910	1910	Always generated from the sum of combined total of unobligated balances, budget authority: The sum of lines 1000 through 1033, 1035 through 1042, 1100 through 1153,
Total budgetary	1920	1920	1170 through 1176, 1200 through 1252, 1270 through 1276,
resources available	1930 1930	1930	1300 through 1330, 1400 through 1430, 1500 through 1531, 1600 through 1631, 1700 through 1742, and 1800 through 1842. [SFs 132 and 133]
			Always generated from the sum of combined total of unobligated balances, budget authority, and line 1901: The sum of lines 1000 through 1035, 1100 through 1139, 1170 through 1175, 1200 through 1239, 1270 through 1275, 1300 through 1320, 1400 through 1423, 1500 through 1522, 1600 through 1622, 1700 through 1728, 1800 through 1827, and 1901. [Schedule P]
			Line 1910 is used for the SF 133, line 1920 is used for the SF 132, and line 1930 is used for the Schedule P.
			For unexpired accounts:
			This amount will differ from the amount on line 1920 on the latest SF 132 to the extent that individual amounts have changed that do not require the submission of a reapportionment request (see section 120.37).
			For expired accounts:
			This amount is not available for new obligations. See sections $\underline{130.10}$ – $\underline{130.13}$ for additional instructions.

In a limited number of cases, the following guidance applies to specific Treasury Appropriation Fund Symbols. Affected amounts are included on SF 132 line 1100:

• Appropriations of Specific Amounts of which "Not to Exceed" a Portion Remains Available Beyond the Remainder of the Appropriation. In a limited number of cases, the basic amount of the appropriation is available for one year (or for a fixed amount of time) and the law permits "not to exceed" or "up to" a specific amount to be available for a longer period of time or until expended.

Initial apportionment requests for these accounts should display the maximum possible amount in the Treasury account with the extended availability and the balance in the Treasury account with the lesser time availability (on this line).

Note.—Treasury will warrant the full amount in the one-year account. You should move the funds to the account with the extended fund availability using the SF 1151. This movement of funds is not a transfer because the original appropriation is for the extended availability, even though the SF 1151 is titled "Nonexpenditure Transfer of Funds."

If you subsequently determine that the maximum amount is not needed in the account with the extended availability, you should submit a reapportionment request proposing to transfer the funds to the account of

lesser time availability. Show this transfer on SF 132 lines 1120 "Appropriation transferred to other account (-)," 1151 "Anticipated nonexpenditure transfers of appropriations (net) (+ or -)," 1010 "Unobligated balance transferred to other accounts (-)" or 1040 "Anticipated nonexpenditure transfers of unobligated balances (net) (+ or -)," as appropriate.

After OMB has approved the transfer, use the SF 1151 to transfer the funds to the account of lesser time availability. Such transfers are irreversible. That is, once the availability of funds is reduced, subsequent apportionments and SF 1151 may not extend the availability of these funds.

• Interest on the public debt. For the Interest on the Public Debt account, "interest" includes both the interest paid and the change in interest payable for public issues of Treasury debt securities and for certain special issues (i.e., Government account series) of Treasury debt securities—zero coupon bonds and DoD's Education Benefits Fund, Military Retirement Fund, Defense Cooperation Fund, and Medicare-Eligible Retiree Health Care Fund. The change in interest payable will be warranted when paid.

Entry	Description
Memorandum (non-add) entries:	
All Accounts:	
1940 Unobligated balance expiring (–)	Amount available for obligation during the year that ceased to be available for obligation during the fiscal year (other than amounts rescinded by law). Include expiring unobligated balances (even if they have been reappropriated) and unobligated balances returned to unappropriated receipts.
Special and non-revolving trust funds	only:
1950 Other balances withdrawn and returned to unappropriated receipts	Amount of unexpired and expired (but not cancelling) unobligated balances written off or withdrawn by administrative action in special and trust non-revolving funds. Include cancellations in no-year accounts pursuant to 31 USC 1555; otherwise, do not include amounts rescinded or canceled by law. Only include the amounts returned to unappropriated receipts.
1951 Unobligated balance expiring	Amount available for obligation during the year that ceased to be available for obligation during the fiscal year (other than amounts rescinded by law) in special and non-revolving trust funds. Include expiring unobligated balances (even if they have been reappropriated). Exclude unexpired unobligated balances that are written off or withdrawn by administrative action, which are reported on line 1950, "Other balances withdrawn."
1952 Expired unobligated balance, start of year	Amount excluded in the start of year unobligated balances reported on line 1000 in special and non-revolving trust funds.
1953 Expired unobligated balance, end of year	Amount excluded from the end of year unobligated balances reported on line 1941 in special and non-revolving trust funds.
1954 Unobligated balance canceling	Amount of expired balances (e.g. the fifth expired year that is canceling) that are returned to unappropriated receipts and become available for subsequent appropriation in special and non-revolving trust funds.
1955 Other balances withdrawn and returned to general fund	Amount of unexpired and expired unobligated balances written off or withdrawn by administrative action in special and trust non-revolving funds. Include cancellations in no-year accounts pursuant to 31 USC 1555; otherwise, do not include amounts rescinded or canceled by law. Only include the amounts returned to general fund.

4. STATUS OF BUDGETARY RESOURCES

Use the entries in the following table to prepare the "Status of budgetary resources" section of the SF 133. For additional guidance, see section $\underline{130}$ (SF 133).

Entry	Description
New obligations and upward adjustments	You are required to report direct and reimbursable obligations. See section 83.5 for instructions on classifying obligations as direct versus reimbursable. In general, "direct obligations" means obligations not financed from reimbursements. In general, "reimbursable obligations" means obligations financed by offsetting collections that are payment to the performing account for goods and services provided to the ordering entity.
	For unexpired accounts:
	Amount of obligations incurred from the beginning of the current fiscal year to the end of the reporting period, net of refunds received that pertain to obligations incurred in the current year.
	Include upward adjustments of prior obligations. Do not include cancellations or downward adjustments of obligations due to recoveries of prior year unpaid obligations reported on line 1021. (See section 20.5 for a discussion of the concept of obligations.)
	For expired accounts:
	Amount of upward adjustments of obligations previously incurred. Upward adjustments are limited by the amount available for adjustments. No new obligations may be incurred against expired or canceled accounts. (See sections 130.10 —130.14 on expired and canceled appropriations.) For downward adjustments, see line 1021.
	For unexpired and expired accounts:
	Exclude any adjustments to current year beginning balances recorded on lines 1020 and 3001.
Direct	
2001 Category A (by quarter)	Amount of direct obligations incurred against amounts apportioned under category A on the latest SF 132. Category A may sometimes include program categories.
2002 Category B (by project) Category B [project 1]	Amount of direct obligations incurred against amounts apportioned under categories B and AB on the latest SF 132. Use a separate line for each administrative subdivision identified on the latest SF 132.
Category B [project 2 / program category 1] Category B [project 3 /	Category B detail information describes the type of activity, project, etc. apportioned on lines 6011 through 6110 of the latest SF 132. Four alphanumeric characters are used to identify subcategories.
program category 2]	Category AB detail information describes the combination of fiscal quarters and projects apportioned on lines 6111 through 6159 of the latest SF 132.
2003 Exempt from apportionment	Amount of direct obligations incurred for accounts that are exempt from apportionment.
2004 Direct obligations (total)	Equals the sum of lines 2001 through 2003.

Entry	Description
Reimbursable	
2101 Category A (by quarter)	Amount of reimbursable obligations incurred against amounts apportioned under category A on the latest SF 132. Category A may sometimes include program categories.
2102 Category B (by project) Category B [project 1]	Amount of reimbursable obligations incurred against amounts apportioned under categories B and AB on the latest SF 132. Use a separate line for each administrative subdivision identified on the latest SF 132.
Category B [project 2 / program category 1] Category B [project 3 /	Category B detail information describes the type of activity, project, etc. apportioned on lines 6011 through 6110 of the latest SF 132. Four alphanumeric characters are used to identify subcategories.
program category 2]	Category AB detail information describes the combination of fiscal quarters and projects apportioned on lines 6111 through 6159 of the latest SF 132.
2103 Exempt from apportionment	Amount of reimbursable obligations incurred for accounts that are exempt from apportionment.
2104 Reimbursable obligations (total)	Equals the sum of lines 2101 through 2103.
2170 New obligations, unexpired accounts	Equals the sum of lines 2001 through 2003 and 2101 through 2103 for an unexpired account.
2180 Obligations ("upward adjustments"), expired accounts	Equals the sum of lines 2001 through 2003 and 2101 through 2103 for an expired account.
2190 New obligations and upward adjustments (total)	Equals the sum of lines 2001 through 2003 and 2101 through 2103. Also equals the sum of lines 2004 and 2104. Also equals the sum of lines 2170 and 2180.
Unobligated balance	
Apportioned, unexpired accounts	
2201 Available in the current period	Include the balances of amounts apportioned under Category A, Category B, and Category AB, as well as amounts apportioned by letter from OMB or by OMB bulletin. Do not include amounts apportioned but still anticipated.
	For amounts apportioned under Category A and Category AB, include the difference between the amount apportioned through the current period and the obligations incurred under those apportionments through the end of the reporting period.
	Where Category B apportionments are based upon time periods within the year, include the difference between the cumulative amount apportioned through the current period and the obligations incurred under those apportionments through the end of the reporting period. Where funds are apportioned for the year as a whole, this entry will equal the total amount thus apportioned less the obligations incurred under those apportionments through the end of the reporting period.

Entry	Description
2202 Available in subsequent periods	Amount apportioned by time periods (in both Categories A and B) and for future fiscal years (Category C) that are available for obligation in a subsequent reporting period, as approved on the latest SF 132. This includes both actual and anticipated amounts available in the subsequent periods.
2203 Anticipated (+ or –)	Amount anticipated and apportioned year-to-date on the latest SF 132 less amounts no longer anticipated. The amount on this line should equal the sum of the apportioned amounts on lines 1040, 1041, 1042, 1150, 1151, 1152, 1250, 1251, 1252, 1330, 1430, 1530, 1531, 1630, 1631, 1740 through 1742, and 1840 through 1842 that are still anticipated for the current period. The amounts not apportioned on these lines should be included on line 2403.
	Although this amount is not immediately available for obligation, it will become available for obligation upon realization (e.g. upon actual receipt of the anticipated collection).
Exempt from apportionment, unexpired	accounts
2301 Available in the current period	Amount of the total unobligated balance available for obligation (including commitments) in accounts exempt from apportionment available in the current period.
	Do not include amounts exempt from apportionment and available in the subsequent period or still anticipated.
2302 Available in subsequent periods	Amount of the total unobligated balance available for obligation (including commitments) in accounts exempt from apportionment available in the subsequent period.
	This includes both actual and anticipated amounts available in the subsequent periods.
2303 Anticipated (+ or -)	Amount anticipated in accounts exempt from apportionment for the current period.
Unapportioned, unexpired accounts	
2401 Deferred	Amount deferred as shown on line 6181 on the latest SF 132. This is the amount of budgetary resources being set aside for possible use at a later date (pursuant to a special message transmitted, or to be transmitted, by the President), before the funds expire.
2402 Withheld pending rescission	Amount withheld pending rescission as shown on line 6180 on the latest SF 132 (pursuant to a special message transmitted, or to be transmitted, by the President).
2403 Other	For unexpired accounts:
	For other balances not available for obligation, include the unobligated balances of amounts that are not included on lines 6001 through 6173, 6180, or 6181 on the latest SF 132. Include amounts on lines 1041, 1740 and 1840 that exceed apportioned amounts.
	This entry will include any excess of budgetary resources realized over amounts estimated to become available for obligation on the latest SF 132, when such amounts exceed the parameters set forth in section 120.37. (Do not use this line for accounts and funds that are not subject to apportionment. Unobligated balances of such accounts will be reported on lines 2301 through 2303.)

Entry	Description	
	This balance will be reported as a negative amount if budgetary resources (including estimates through the end of the year) are less than reported on the latest SF 132.	
	If, on the September 30 report, a negative amount is reported on this line, the amount must be offset by remaining balances. For accounts that are apportioned, the offset must be against apportioned funds reported on line 2201 or an apparent violation of the Antideficiency Act (31 U.S.C. 1341, 1342, or 1517) will have occurred. For accounts exempt from apportionment, the offset must be against lines 2301 - 2303 or an apparent violation of the Antideficiency will have occurred. Unrealized budgetary resources will, in effect, be considered an offset against amounts apportioned (lines 2201 through 2203) or exempt from apportionment (lines 2301 through 2303) rather than an unobligated balance not available for obligation (lines 2401 through 2403).	
	This line will be used for the un-apportioned balance of public enterprise and intragovernmental revolving funds, as well as trust funds that are subject to apportionment. For these types of funds, include the amount shown on line 6182 on the latest SF 132 (un-apportioned balance) plus the amount of upward adjustments in income until a reapportionment request is approved.	
	Appropriated receipts. For the September 30 report, exclude from this line the portion of receipts collected in the current year in special or trust funds that is precluded from obligation due to a provision of law. The full amount appropriated in on line 1201. The amount precluded from obligation is subtracted on line 1234.	
2412 Unexpired unobligated balance: end of year	Equals the sum of the amounts on detailed lines 2201, 2202, 2203, 2301, 2302, 2303, 2401, 2402, and 2403 (for unexpired accounts only). The amount on this line is excluded from the total on line 2500.	
2413 Expired unobligated balance:	For expired accounts:	
end of year	Amount of expired unobligated balances that have not been used for valid adjustments. (These amounts are no longer available for new obligations.) For the final September 30 report before an account will be closed, the amount on this line should be zero.	
2490 Unobligated balance, end of year (total)	Sum of the amounts on detailed lines 2201, 2202, 2203, 2301, 2302, 2303, 2401, 2402, 2403, and 2413. Also equals the sum of the amounts on lines 2412 and 2413.	
	Anticipated amounts are part of the total amount on this line except on the September 30 th report. Refer to amounts on lines 2503 and 2504 reported during interim periods for direct and reimbursable unobligated balances, end of year excluding anticipated amounts.	
2500 Total budgetary resources	Sum of the amounts on detailed lines 2001 through 2403, and 2413. This amount equals the amount on line 1910.	
Memorandum (non-add) entries:		
2501 Subject to apportionment – excluding anticipated amounts	Both the obligations incurred and unobligated balance of the Status of Budgetary Resources that are subject to apportionment.	
2502 Exempt from apportionment – excluding anticipated amounts	Both the obligations incurred and unobligated balance of the Status of Budgetary Resources that are exempt from apportionment.	
2503 Direct unobligated balance, end of year – excluding anticipated amounts	Portion of the sum of the amounts on detailed lines 2201, 2202, 2301, 2302, 2401, 2402, and 2403 that is classified as direct.	

Entry	Description
2504 Reimbursable unobligated balance, end of year – excluding anticipated amounts	Portion of the sum of the amounts on detailed lines 2201, 2202, 2301, 2302, 2401, 2402, and 2403 that is classified as reimbursable.

5. CHANGE IN OBLIGATED BALANCE

Use the entries in the following table to prepare the "Change in obligated balances" section of the SF 133 and Schedule P. For additional guidance, see section 130 (SF 133) and section 82 (Combined Schedule X).

	Entry	Description
Unpaid obligati	ons:	
3000 Unpaid o forward,	obligations, brought Oct 1	Unpaid obligations as of October 1 of the current fiscal year. This amount will equal the sum of the beginning balance of (a) accounts payable and (b) undelivered orders. This line should equal line 3090 of the final SF 133 or Schedule P for the preceding year.
		Include uninvested balances; balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount); and amounts obligated against contract authority.
	nt to unpaid ns, brought Oct 1 (+ or –)	Changes to unpaid obligations that occurred in a prior fiscal year and that were not recorded in the unpaid obligations as of October 1 of the current fiscal year. These may be identified by the financial statement auditors, agency personnel, or others.
		Include adjustments posted to the agency financial system that are either material or non-material. When reporting to GTAS, agencies will use an attribute to show that their USSGL account balances are not current-year activity—even though these balances would otherwise look like current-year activity. GTAS will use this attribute to crosswalk these USSGL account balances to this adjustment line.
		OMB and the Fiscal Service will review the FBWT component of the adjustments that agencies report to GTAS each quarter. The Fiscal Service will only backdate prior year adjustments on a transaction basis in a TAFS that round to \$1 million or more. This range includes amounts greater than or equal to \$500,000.
		Agencies should generally exclude reclassifications from clearing accounts to other TAFSs, but may consult OMB if they want to include some of these reclassifications as adjustments.
		Exclude the following amounts from this line:
		 Downward adjustments of unpaid obligations incurred in prior fiscal years, as reported on line 1021, that were not outlayed;
		 Upward adjustments of obligations previously incurred as reported on detailed lines 2001 through 2103; and
		 Refunds collected from prior year obligations that have been outlayed to the appropriation of fund account charged with the original obligations as reported on line 1700 and

1800.

Entry	Description
	On the SF 133, material and non-material adjustments to the unpaid obligations as of October 1 of the current fiscal year should be included on line 3001. On the Statement of Budgetary Resources, material amounts are part of the unpaid obligations as of October 1 of the current fiscal year because the prior year's financial statements are restated.
3010 New obligations, unexpired accounts	Includes both direct and reimbursable obligations. Equals the sum of amounts on lines 2001 through 2003 and 2101 through 2103.
	Exclude any adjustments to current year beginning balances recorded on lines 1020 and 3001.
3011 Obligations ("upward adjustments"), expired accounts	Amount of upward adjustments of obligations previously incurred. Upward adjustments are limited by the amount available for adjustments. No new obligations may be incurred against expired or canceled accounts. (See sections

Entry	Description
	Exclude any adjustments to current year beginning balance recorded on lines 1020 and 3001.
	For the final September 30 report before an account will be closed, all remaining unobligated and obligated balances must be canceled. To present these obligated balances as canceled, include the amount to be canceled, as a positive. Then, subtract the same amount on line 1029, Other balances withdrawn.
3050 Unpaid obligations, end of year	Equals the sum of the amounts on lines 3000, 3001, 3010, 3011, 3020, 3030, 3031, 3040, and 3041.
·	For the final September 30 report before an expired account will be closed, the amounts on these lines should be zero.
Uncollected payments:	
3060 Uncollected pymts, Fed sources, brought forward, Oct 1 (–)	Uncollected customer payments from other Federal Government accounts as of October 1 of the current fiscal year. This amount will equal the sum of the beginning balance of (a) accounts receivable from other Federal Government accounts and the non-Federal (but only if specifically authorized by law to obligate against orders from the non-Federal) and (b) unfilled customers' orders from other Federal Government accounts not accompanied by an advance, unless specifically authorized by law to obligate against orders from the non-Federal. This line should equal line 3090 of the final SF 133 for the preceding year.
	Include uninvested balances; balances invested in Federal securities (par value), adjusted for unrealized discounts (a negative amount); and amounts obligated against contract authority.
3061 Adjustment to uncollected pymts, Fed sources, brought forward, Oct 1 (+ or –)	Changes to uncollected customer payments from Federal sources that occurred in a prior fiscal year and that were not recorded in the uncollected customer payments from Federal sources as of October 1 of the current fiscal year. These may be identified by the financial statement auditors, agency personnel, or others.
	Include adjustments posted to the agency financial system that are either material or non-material. When reporting to GTAS, agencies will use an attribute to show that their USSGL account balances are not current-year activity—even though these balances would otherwise look like current-year activity. GTAS will use this attribute to crosswalk these USSGL account balances to this adjustment line.
	OMB and the Fiscal Service will review the FBWT component of the adjustments that agencies report to GTAS each quarter. The Fiscal Service will only backdate prior year adjustments on a transaction basis in a TAFS that round to \$1 million or more. This range includes amounts greater than or equal to \$500,000.
	Agencies should generally exclude reclassifications from clearing accounts to other TAFSs, but may consult OMB if they want to include some of these reclassifications as adjustments.

Entry	Description
	Exclude the following amounts from this line:
	 Downward adjustments of unpaid obligations incurred in prior fiscal years, as reported on line 1021, that were not outlayed;
	 Upward adjustments of obligations previously incurred as reported on detailed lines 2001 through 2103; and
	 Refunds of prior year obligations credited to an appropriation or fund account as reported on lines 1033, 1700 and 1800.
	On the SF 133, material and non-material adjustments to the uncollected customer payments from Federal sources as of October 1 of the current fiscal year should be included on line 3011. On the Statement of Budgetary Resources, material amounts are part of the uncollected customer payments from Federal sources as of October 1 of the current fiscal year because the prior year's financial statements are restated.
3070 Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)	Equals the sum of the amounts on lines 1701 and 1801, but with the opposite sign.
3071 Change in uncollected pymts, Fed sources, expired accounts (+ or –)	For <i>collections of receivables</i> included in either the net unpaid obligations or the unobligated balances brought forward, include, as a positive, the decrease in reimbursable receivables. Also include, as a positive, receivables written off.
	Amount of decrease (+) from October 1, in unfilled customer orders on hand from other Federal Government accounts that are valid obligations of the ordering account and are <i>not</i> accompanied by an advance.
3080 Uncollected pymts, Fed sources transferred to other accounts	Amount of uncollected customer payments from other Federal Government accounts actually transferred from this account to other accounts during the current fiscal year.
3081 Uncollected pymts, Fed sources transferred from other accounts (–)	Amount of uncollected customer payments from other Federal Government accounts actually transferred to this account from other accounts during the current fiscal year.
3090 Uncollected pymts, Fed sources, end of year (–)	Equals the sum of the amounts on lines 3060, 3061, 3070, 3071, 3080, and 3081.
	Do not include refunds receivable.
	Do not include unfilled customer orders from other Federal Government accounts accompanied by an advance or from non-Federal sources with an advance. See lines 1700 and 1800.
	For the final September 30 report before an expired account will be closed, the amounts on these lines should be zero.
Memorandum (non-add) entries:	
3100 Obligated balance, start of year (+ or –)	Equals the sum of lines 3000, 3001, 3060 and 3061.
3200 Obligated balance, end of year (+ or –)	Equals the sum of detailed obligated balance lines: 3000, 3001, 3010, 3011, 3020, 3030, 3031, 3040, 3041, 3060, 3061, 3070, 3071, 3080, and 3081. Also, equals the sum of lines 3050 and 3090.

6. BUDGET AUTHORITY AND OUTLAYS, NET

Use the entries in the following table to prepare the "Budget authority and outlays, net" section of the SF 133 and Schedule P. For additional guidance, see section $\underline{130}$ (SF 133) and section $\underline{82}$ (Combined Schedule X).

Entry	Discre- tionary	Man- datory	Description
Gross budget authority and o	outlays:		
Budget authority, gross	4000	4090	Equals the sum of discretionary budget authority (lines 1100 through 1153, 1170 through 1174, 1300 through 1330, 1500 through 1531, and 1700 through 1742) [SF 133].
			Equals the sum of discretionary budget authority (lines 1100 through 1135, 1137 through 1139, 1170 through 1174, 1300 through 1320, 1500 through 1522, and 1700 through 1728) [Schedule P].
			Equals the sum of mandatory budget authority (lines 1200 through 1252, 1270 through 1273, 1400 through 1430, 1600 through 1631, and 1800 through 1842) [SF 133].
			Equals the sum of mandatory budget authority (lines 1200 through 1239, 1270 through 1273, 1400 through 1423, 1600 through 1622, and 1800 through 1827) [Schedule P].
Outlays, gross			
Outlays from new authority	4010	4100	Amount of obligations paid. Includes payments in the form of cash (currency, checks, or electronic fund transfers) and
Outlays from balances	4011	4101	in the form of debt instruments (bonds, debentures, notes, or monetary credits) when they are used to pay obligations. Include refunds of payments made in the current year. Not applicable to <i>financing accounts</i> .
			For the Interest on the Public Debt account, "interest" includes both the interest paid and the change in interest payable for public issues of Treasury debt securities and for certain special issues (i.e., Government account series) of Treasury debt securities (see section 20.6).
			Exclude any adjustments to current year beginning balances recorded on lines 1021 and 3001.
			These are also known as "Disbursements." This is a positive amount.
			You should not use these lines for credit financing accounts.
Outlays, gross (total)	4020	4110	Equals the sum of the amounts on lines 4010 through 4011.
			Equals the sum of the amounts on lines 4100 through 4101 except for financing accounts. Financing accounts will only have line 4110.

Offsets against gross budget authority and outlays: Offsetting collections (collected) from:

Amount of reimbursements from other Federal Government accounts and other collections credited to the account from the beginning of the year to the end of the reporting period. Include refunds of payments originally made in **prior** fiscal years that are received in the **current fiscal year**.

Note: Refunds of payments made in the current fiscal year are netted against the appropriate detailed lines 2001 through 2103 and lines 4010, 4011, 4100, and 4101.

Entry	Discre- tionary	Man- datory	Description
			These are also known as "Offsetting collections (collected)." This is a negative amount.
			Amount of cash credited to the account. (Includes refunds that pertain to obligations recorded in prior fiscal years, as long as the account has not been canceled.) Identify the source of the payment (see the descriptions below). Use subentries when there are significant amounts of different types of income, such as insurance premiums, loan repayments, interest, fees, etc.
			Exclude any adjustments to current year beginning balances recorded lines 1021 and 3011.
Federal sources (–)	4030	4120	Amount from other Federal Government accounts except interest received from investments in Federal securities and interest on uninvested funds. Include collections from general, special, trust, revolving, and management fund accounts as well as from off-budget Federal entities.
Interest on Federal securities (–)	4031	4121	Amount of interest on investments in marketable and nonmarketable Federal securities. Use for general and revolving fund accounts only. Include amount of amortized discount for investments in zero coupon bonds. Include amount of inflation compensation for investments in Treasury inflation indexed securities.
Interest on uninvested funds (-)		4122	Amount of interest from Federal securities on balances not invested in marketable and nonmarketable Treasury securities.
Non-Federal sources (–)	4033	4123	Amount received from non-Federal sources as a result of business-type transactions (e.g., repayments of loan principal, interest on outstanding loans, user charges, sale of assets) and advances that accompany orders from non- Federal sources.
			Use line titles to identify separately the primary sources of collections. Small amounts may be aggregated. See exhibits 185C, 185F and 185I.
Offsetting governmental collections (–)	4034	4124	Amount received from non-Federal sources that arise from the Government's sovereign or governmental powers (e.g., tax receipts, regulatory fees, compulsory user charges, custom duties, license fees) but are required by law to be credited to the account (see section 20.7(d)).
			Use line titles to identify separately the primary sources of collections.
Offsets against gross budget authority and outlays (total) (–)	4040	4130	Equals the sum of the amounts on lines 4030 through 4034. Equals the sum of lines 4120 through 4124.
Additional offsets against gro	ss budget a	uthority on	ly:
Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)	4050	4140	Equals the amount on line 1701 or 1801 respectively, but with the opposite sign.
Change in uncollected pymts, Fed sources, expired accounts (+ or -)	4051	4141	Amount of increase (-) or decrease (+) in accounts receivable from Federal sources and unpaid, unfilled orders from Federal sources from the start of year to the end of year.

Enter	Discre-	Man-	Description
Entry	tionary	datory	Description
Offsetting collections credited to expired accounts	4052	4142	Amount of offsetting collections (collected) and refunds that pertain to an account that has expired but is not yet canceled on Schedule P (see section 20.9).
			Equals the amount on line 1700 plus the sum of the amounts on lines 4030 through 4034.
			Equals the amount on line 1800 plus the sum of the amounts on lines 4120 through 4124.
Recoveries of prior year paid obligations, unexpired	4053	4143	Amount of refunds that pertain to an unexpired account see section 20.9).
accounts			The sum of lines 4053 and 4143 equals the amount on line 1033 for an unexpired account. See Exhibit 130L.
Recoveries of prior year paid obligations, expired	4054	4144	Amount of refunds that pertain to an expired account that is not yet cancelled on the SF 133 (see section 20.9).
accounts			The sum of lines 4054 and 4144 equals the amount on line 1033 for an expired account on the SF 133. See Exhibit 130L.
Anticipated offsetting collections (+ or –)	4055	4145	Amount of the current estimate of anticipated collections (for example, anticipated orders from Federal sources or anticipated refunds) expected for the remainder of the year.
			Amount of expenditure transfers anticipated for the remainder of the year.
			For direct loan financing accounts, include a current estimate for the rest of the year of the loan subsidy anticipated from the program account.
			Deposit advances (as defined in section <u>20.10</u>) without orders from Federal customers in budget clearing account F3885 "Undistributed intergovernmental payments" until an order is received.
			Deposit advances without orders from non-Federal customers in deposit fund X6500 "Advances without orders from non-Federal sources".
			Do not include:
			• Transfers that have been made and included on lines 1710, 1711, 1810, or 1811.
			 Anticipated transfers that require legislation.
			Amount of the current estimate of additional capital transfers and redemption of debt anticipated in unexpired accounts derived from spending authority from offsetting collections for the remainder of the fiscal year under existing laws.
			No amount should be on this line on the September 30 report.
Additional offsets against budget authority only (total)	4060	4150	Equals the sum of the amounts on lines 4050, 4051, 4053, 4054 and 4055. [SF 133]
			Equals the sum of the amounts on lines 4050 and 4053. [Schedule P]
			Equals the sum of the amounts on lines 4140, 4141, 4143, 4144 and 4145.[SF 133]

Entry	Discre- tionary	Man- datory	Description
			Equals the sum of the amounts on lines 4140 and 4143. [Schedule P]
Budget authority, net	4070	4160	Equals the total new budget authority (gross) on line 4000 plus the amounts on lines 4030 through 4034 and on lines 4050, 4051, 4053, 4054 and 4055. [SF 133]
			Equals the total new budget authority (gross) on line 4000 plus the amounts on lines 4030 through 4034 and on lines 4050 and 4053. [Schedule P]
			Equals the total new budget authority (gross) on line 4090 plus the amounts on lines 4120 through 4124 and on lines 4140, 4141, 4143, 4144 and 4145. [SF 133]
			Equals the total new budget authority (gross) on line 4090 plus the amounts on lines 4120 through 4124 and on lines 4140 and 4143. [Schedule P]
Outlays, net	4080	4170	Equals the total outlays (gross) on lines 4010 through 4011 plus the amounts on lines 4030 through 4034.
			Equals the total outlays (gross) on lines 4110 plus the amounts on lines 4120 through 4124.
Budget authority and outla	ys, net (total).	:	
Budget authority, net (total)	4180		Equals the sum of the amounts on lines 4070 and 4160. This line will always be used, even if the amount is zero.
Outlays, net (total)	4190		Equals the sum of the amounts on lines 4080 and 4170. This line will always be used, even if the amount is zero.

7. MEMORANDUM (NON-ADD) ENTRIES

Use the entries in the following table to prepare the "Memorandum (non-add) entries" section of Schedule P. For additional guidance, see section $\underline{82}$ (Combined Schedule X).

Entry	Description
Investments in Federal securities:	Report the par value of Federal securities; do not reflect unrealized discounts.
5000 Total investments, SOY: Federal securities: Par value	Amount of start of year balances that have been invested in Federal securities, brought forward from the end of the preceding year.
5001 Total investments, EOY: Federal securities: Par value	Amount of end of year balances that have been invested in Federal securities.
Investments in non-Federal securities:	Report the market value of non-Federal securities.
5010 Total investments, SOY: non-Federal securities: Market value	Amount of start of year balances that have been invested in non-Federal securities, brought forward from the end of the preceding year.
5011 Total investments, EOY: non-Federal securities: Market value	Amount of end of year balances that have been invested in non-Federal securities.
Contract authority:	Contract authority is unfunded. When appropriations or offsetting collections are provided to liquidate contract authority, the amounts are no longer considered to be contract authority, and the balance should no longer be included as contract authority.
5050 Unobligated balance, SOY: Contract authority	Unobligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested.
5051 Unobligated balance, EOY: Contract authority	Unobligated balance of unfunded contract authority at the end of the year.
5052 Obligated balance, SOY: Contract authority	Obligated balance of unfunded contract authority at the beginning of the year. Excludes contract authority for which spending authority from offsetting collections or appropriations to liquidate are not provided or requested.
5053 Obligated balance, EOY: Contract authority	Obligated balance of unfunded contract authority at the end of the year.
5054 Fund balance in excess of liquidating requirements, SOY: Contract authority	Amount of appropriation to liquidate contact authority in excess of ability to incur obligations at the beginning of the year (either because the appropriation exceeds the contract authority available for obligation or the limitation on obligations).
5055 Fund balance in excess of liquidating requirements, EOY: Contract authority	Amount of appropriation to liquidate contact authority in excess of ability to incur obligations at the end of the year (either because the appropriation exceeds the contract authority available for obligation or the limitation on obligations).
5061 Limitation on obligations (Transportation trust funds)	Limitations on program levels that is enacted or proposed for the Department of Transportation non-revolving trust funds.
Outstanding debt (special and non-revolving trust funds only):	The amount of outstanding debt, SOY and EOY and borrowing including repayable advances. Only applies to special and non-revolving trust funds in USDA, DoC, DoE, DoL and RRB.
5080 Outstanding debt, SOY(-)	Outstanding debt derived from repayable advance (borrowing authority) at the beginning of a year.

Entry	Description
5081 Outstanding debt, EOY(-)	Outstanding debt derived from repayable advance (borrowing authority) at the end of a year. Equals the amount on line 5080 minus the sum of the amounts on detailed lines 1135, 1236, 1422, and 5082 for the special and non-revolving trust funds in USDA, DoL and RRB.
5082 Borrowing (-)	Borrowing exercised to be used to liquidate obligations.
Unavailable unobligated balances:	The amount of offsetting collections that was previously precluded from obligation, or temporarily reduced but has not yet become budget authority available for obligation in general, revolving and non-revolving trust funds. Also, the amount of appropriations in revolving funds; the amount of borrowing authority in revolving, special, and non-revolving trust funds; and contract authority in special and non-revolving trust funds temporarily reduced by sequestration.
5090 Unexpired unavailable balance, SOY: Offsetting collections	Unexpired unavailable balance of offsetting collections at the beginning of the year.
5091Expiring unavailable balance: Offsetting collections (–)	
5092 Unexpired unavailable balance, EOY: Offsetting collections	Unexpired unavailable balance of offsetting collections at the end of the year. Equals the amount on line 5090 minus the sum of the amounts on lines 1702, 1723, 1725, 1802, 1823, 1824, and 5091.
5093 Expired unavailable balance, SOY: Offsetting collections	Expired unavailable balance of offsetting collections at the beginning of the year.
5094 Canceling unavailable balance: Offsetting collections (–)	
5095 Expired unavailable balance, EOY: Offsetting collections	Expired unavailable balance of offsetting collections at the end of the year. Equals the amount on line 5093 minus the amount on line 5094.
5096 Unexpired unavailable balance, SOY: Appropriations	Unexpired unavailable balance of sequestered appropriations in revolving funds at the beginning of the year.
5097Expiring unavailable balance: Appropriations (–)	
5098 Unexpired unavailable balance, EOY: Appropriations	Unexpired unavailable balance of sequestered appropriations in revolving funds at the end of the year. Equals the amount on line 5096 minus the sum of the amounts on lines 1102, 1132, 1203, 1232, and 5097 for revolving funds only.
5099 Unexpired unavailable balance, SOY: Contract authority	Unexpired unavailable balance of contract authority (i.e., sequestration only) in special and non-revolving trust funds at the beginning of the year.
5100 Unexpired unavailable balance, EOY: Contract authority	Unexpired unavailable balance of contract authority (i.e., sequestration only) in special and non-revolving trust funds at the end of year. Equals the amount on line 5099 minus the sum of the amounts on lines 1603 and 1621.
5101 Unexpired unavailable balance, SOY: Borrowing authority	Unexpired unavailable balance of borrowing authority in revolving, special and non-revolving trust funds at the beginning of the year.
5102 Unexpired unavailable balance, EOY: Borrowing authority	Unexpired unavailable balance of borrowing authority in revolving, special and non-revolving trust funds that was sequestered. Equals the amount on line 5096 minus the sum of the amounts on lines 1400 (i.e., only previously sequestered amount) and 1421.
5103 Unexpired unavailable balance, SOY: Fulfilled purpose	Unexpired unavailable balance in a no-year Treasury account at the beginning of the year where the amount is no longer available for

Entry	Description
	obligation since the purposes for which the appropriation was enacted has been carried out.
5104 Unexpired unavailable balance, EOY: Fulfilled purpose	Unexpired unavailable balance in a no-year Treasury account at the end of the year where the amount is no longer available for obligation since the purposes for which the appropriation was enacted has been carried out.
International Monetary Fund:	
5110 IMF quota reserve tranche increase (P.L. xxx-xxx)	
5111 IMF quota letter of credit increase (P.L. xxx-xxx)	
5112 IMF quota reserve tranche, total	
5113 IMF quota letter of credit, total	
5114 New Arrangements to Borrow (P.L. xxx-xxx)	
5115 New Arrangements to Borrow (exchange rate)	
5116 New Arrangements to Borrow, total	
Discretionary mandated transfers:	The amount of discretionary transfers mandated by law.
5200 Discretionary mandated transfer to other accounts (–)	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay.
	The line represents the discretionary transfers mandated by law included in line 1120. In exceptional cases, this line may represent the discretionary transfers mandated by law included in line 1010.
5201 Discretionary mandatory transfer from other accounts	Amount transferred to another account in the same year the authority becomes available for obligation when the transfer does not involve an obligation or an outlay.
	The line represents the discretionary transfers mandated by law included in line 1121. In exceptional cases, this line may represent the discretionary transfers mandated by law included in line 1011.

8. APPLICATION OF BUDGETARY RESOURCES

Use the entries in the following table to prepare the "Application of budgetary resources" section of the SF 132. For additional guidance, see sections $\underline{120}$ (SF 132).

Entry	Description
Apportioned:	When both Category A and Category B are used, insert a descriptive label on the Category A line to distinguish the amounts apportioned by quarter from the remaining amounts.
	All apportioned amounts by activity, project or object (Category B) should be positive. Amounts apportioned by time period (Category A) may be negative in order to reduce the cumulative amounts available. (See exhibit 120K).

Entry	Description
Category A (by quarter)	Amount requested to be apportioned for each calendar quarter in the fiscal year.
6001 1 st quarter 6002 2 nd quarter 6003 3 rd quarter 6004 4 th quarter	Apportionments previously approved are not subject to change after the close of the period for which the apportionment is made. Where the cumulative amount apportioned through the current period is to be decreased below the cumulative amount previously apportioned through the end of the preceding period, revise the amount apportioned for the current period to a negative amount. (See exhibit 120K).
	The apportionment includes a column for Memo obligations. When submitting a reapportionment request for a TAFS that has incurred new obligations, include the obligations in this column. The obligations should agree with the obligations reported on the most recent SF 133 if more recent amounts are not available. You should provide the memo obligations for Category A or Category B apportioned amounts. You must include the date of the obligations on the same row as the BEA Category (See exhibit 120G).
Category B (by project)	Amounts requested to be apportioned on a basis other than calendar quarters, such as time periods other than quarters, activities, projects, objects, or a combination thereof (See section 120.9).
6011 [project name] 6012 [project name] 6013 [project name]	Include in the stub column a line number and a description of the activity, project, or object for which funds are requested. Coordinate the line number assigned to each number with the preparer of the SF 133 so that the same line numbers are used.
6014 [project name] 6110 [project name]	Once a number is assigned, it should be reserved for that activity, project, or object only. Also, include the amount of obligations incurred for each Category B item as of the latest SF 133, if more recent amounts are not available. The periods covered by such amounts should be the same as the period for Category A.
	Where the SF 132 has insufficient space to list the categories by which apportionments are to be made or where apportionments are to be made both by activities (or projects or objects) and by time periods within the fiscal year, add lines to the SF 132. Other than adding lines to Category B, changes should not be made to the SF 132 without prior approval by OMB.
Category AB (by fiscal quarter and project)	Amounts requested to be apportioned by a combination of fiscal quarters and projects (See section <u>120.9</u>).
6111 [project \ quarter] 6112 [project \ quarter]	
6159 [project \ quarter]	

Entry	Description
Category C (for future years) 6170 [Designated 1st FY beyond the current year] 6171 [Designated 2nd FY beyond the current year] 6172 [Designated 3rd FY beyond the current year] 6173 [Designated 4th FY beyond the current year]	When you plan to obligate amounts appropriated in a no-year or multi-year TAFS over more than one fiscal year, you may propose to apportion funds planned for obligation after the current fiscal year into a subsequent fiscal year. Include the amount planned for obligation after the current fiscal year on lines 6170 through 6173, apportioned for future fiscal years. OMB will not apportion annual TAFSs and the last year of multi-year TAFSs for periods longer than one fiscal year, as this would be an impoundment (i.e., a deferral during the year, and a defacto rescission after the funds expire).
Unapportioned:	
6180 Withheld pending rescission	For instructions on the use of this line, see section 112.3.
6181 Deferred	For instructions on the use of this line, see section 112.3.
6182 Unapportioned balance of revolving fund	This line will be used primarily for public enterprise funds, intragovernmental revolving funds, and trust funds that are subject to apportionment. For these types of funds, include the amount of budgetary resources that is not apportioned (made available for obligation) in order to preserve a portion of the fund's capital so it can continue to revolve and be available for its authorized purposes (see section 20.12(a)).
	Typically, in a guaranteed loan financing account, include the uninvested funds that serve as a reserve against loan guarantee defaults on this line.
	Do not include amounts deferred or proposed for rescission on this line.
	The amount on this line should equal the amount shown on line 1920, less the amounts apportioned on lines 6001 through 6173, less any amounts withheld pending rescission on line 6180 or deferred on line 6181.
6183 Exempt from apportionment	For accounts that have both apportioned and exempt from apportionment amounts, identify the amount of the exempt from apportionment portion.
6190 Total budgetary resources available	Sum of the amounts on lines 6001 through 6173, 6180, 6181, 6182 and 6183. This amount equals the amount reported on line 1920.

9. UNFUNDED DEFICIENCIES

Use the entries in the following table to prepare the "Unfunded deficiencies" section of the Schedule P. For additional guidance, see section $\underline{82}$ (Combined Schedule X). Note: See section $\underline{145}$ for additional reporting requirements on deficiencies.

Entry	Description
7000 Unfunded deficiency, start of year (–)	Amount of obligations included in unpaid obligations, start of year that exceeded the resources available when the obligations were incurred and will require an appropriation or offsetting collections to liquidate the deficiency.
7010 New deficiency (–)	Includes only amount of obligations (as of the end of the year) that exceeds the budgetary resources available for obligation or amount of obligations that exceeds budgetary resources deferred or withheld pending rescission and requires an appropriation or future offsetting collections to liquidate.
	Does not include obligations in excess of apportionments, allotments, or other agency subdivisions of funds even though such amounts are reportable as a violation of the Antideficiency Act. Use this entry in the year in which the deficiency is incurred.
7012 Budgetary resources used to liquidate deficiencies	Amount of budgetary resources used to liquidate deficiencies other than those specifically applied to deficiencies by law. Equals the amount on Schedule P lines 1034 and 1901, with the opposite sign.
7020 Unfunded deficiency, end of year (–)	Amount of obligations included in unpaid obligations, end of year that exceeded the resources available when the obligations were incurred and will require an appropriation or offsetting collections to liquidate the deficiency. Equals the sum of the amounts on lines 7000 through 7011.

10. GUARANTEED LOAN LEVELS AND APPLICATIONS

Use the entries in the following table to prepare the "Guaranteed loan levels and applications" section of the SF 132. For additional guidance, see section 185 (Federal Credit).

En	ıtr	v

Guaranteed loan limitation

8100 Program Level, Current Year

8200 Program Level, Unused from prior year

Application of guaranteed loan limitation

8201 Application, Category A, First quarter

8202 Application, Category A, Second quarter

8203 Application, Category A, Third quarter

8204 Application, Category A, Fourth quarter

Entry

8211 Application, Category B [project level] or risk category



8235 Application, Category B [project level] or risk category

11. STATEMENT OF BUDGETGARY RESOURCES

While the above entries include tables to prepare the SF 133, Report on Budget Execution and Budgetary Resources, the Statement of Budgetary Resources is a financial statement that is based on the SF 133 format but only includes the following lines. Refer to OMB Circular No. <u>A-136</u> for guidance on preparing financial statements. The descriptions below identify the relationships of the lines of the SBR with the lines on the SF 133 and Schedule P.

Entry		Description	
Budgetary resources			
1000	Unobligated balance brought forward, Oct 1	See description above. This line is common to the SF 132, SF 133, schedule P and SBR.	
1020	Adjustment to unobligated balance brought forward, Oct 1 (+ or –)	See description above. This line is common to the SF 133, Schedule P and SBR. Limited to the material components that lead to restatement of the SBR. Immaterial adjustments are shown on the SBR as current year activity. Refer to OMB Circular No. A-136 for further details.	
1020.5	Unobligated balance brought forward, Oct 1, as adjusted	Sum of lines 1000 and 1020 on the SF 133 and Schedule P. See description above.	
1021	Recoveries of prior year unpaid obligations	See description above. This line is common to the SF 133, Schedule P and SBR.	
1043	Other changes in unobligated balance (+ or –)	Sum of lines 1010 through 1013, and 1022 through 1042.	
1051	Unobligated balance from prior year budget authority, net	Equals line 1050 of the SF 133 and Schedule P. See description above.	
1290	Appropriations (discretionary and mandatory)	Sum of lines 1100 through 1153, 1170 through 1176, 1200 through 1252, and 1270 through 1276 on the SF 133.	
1490	Borrowing authority (discretionary and mandatory)	Sum of lines 1300 through 1330 and 1400 through 1430 on the SF 133.	
1690	Contract authority (discretionary and mandatory)	Sum of lines 1500 through 1531 and 1600 through 1631 on the SF 133.	
1890	Spending authority from offsetting collections (discretionary and mandatory)	Sum of lines 1700 through 1742 and 1800 through 1842 on the SF 133.	
1910	Total budgetary resources	See description above. This line is common to the SF 133 and SBR. Equals Schedule P line 1930 but only for unexpired amounts.	

	Entry	Description
Status o	f budgetary resources	
2190	New obligations and upward adjustments (total)	Sum of lines 2001 through 2003 and 2101 through 2103 on the SF 133. See descriptions above.
	Unobligated balance, end of year:	
2204	Apportioned, unexpired accounts	Sum of lines 2201 through 2203 on the SF 133. See descriptions above.
2304	Exempt from apportionment, unexpired accounts	Sum of lines 2301 through 2303 on the SF 133. See descriptions above.
2404	Unapportioned, unexpired accounts	Sum of lines 2401 through 2403 on the SF 133. See descriptions above.
2412	Unexpired unobligated balance: end of year	See description above. This line is common to the SF 133 and SBR.
2413	Expired unobligated balance: end of year	See description above. This line is common to the SF 133 and SBR.
2490	Unobligated balance, end of year (total)	See description above. This line is common to the SF 133 and SBR.
2500	Total budgetary resources	See description above. This line is common to the SF 133 and SBR.
Change	in obligated balance	
Unpaid	obligations:	
3000	Unpaid obligations, brought forward, Oct 1	See description above. This line is common to the SF 133, Schedule P and SBR.
3006	Adjustment to unpaid obligations, start of year (+ or -)	Equals line 3001 on the SF 133 and Schedule P. See descriptions above. Limited to the material components that lead to restatement of the SBR. Immaterial adjustments are shown on the SBR as current year activity. Refer to OMB Circular No. A-136 for further details.
3012	New obligations and upward adjustments	Sum of lines 3010 and 3011 on the SF 133 and Schedule P. See descriptions above.
3020	Outlays (gross) (–)	See description above. This line is common to the SF 133, Schedule P and SBR.
3032	Actual transfers, unpaid obligations (net) (+ or –)	Sum of lines 3030 and 3031 on the SF 133 and Schedule P. See descriptions above.
3042	Recoveries of prior year unpaid obligations (–)	Sum of lines 3040 and 3041 on the SF 133 and Schedule P. See descriptions above.
3050	Unpaid obligations, end of year	See description above. This line is common to the SF 133, Schedule P and SBR.
Uncolle	cted payments:	
3060	Uncollected pymts, Fed sources, brought forward, Oct 1(–)	See description above. This line is common to the SF 133, Schedule P and SBR.

	Entry	Description
3066	Adjustment to uncollected pymts, Fed sources, start of year (+ or –)	Equals line 3061 on the SF 133 and Schedule P. See descriptions above. Limited to the material components that lead to restatement of the SBR. Immaterial adjustments are shown on the SBR as current year activity. Refer to OMB Circular No. A-136 for further details.
3072	Change in uncollected pymts, Fed sources (+ or –)	Sum of lines 3070 and 3071 on the SF 133 and Schedule P. See descriptions above.
3082	Actual transfers, uncollected pymts, Fed sources (net) (+ or –)	Sum of lines 3080 and 3081 on the SF 133 and Schedule P. See descriptions above.
3090	Uncollected pymts, Fed sources, end of year (–)	See description above. This line is common to the SF 133, Schedule P and SBR.
Memore	andum (non-add) entries:	
3100	Obligated balance, start of year (+ or –)	See description above. This line is common to the SF 133, Schedule P and SBR.
3200	Obligated balance, end of year (+ or –)	See description above. This line is common to the SF 133, Schedule P and SBR.
Budget	authority and outlays, net	
4175	Budget authority, gross (discretionary and mandatory)	Sum of lines 4000 and 4090 on the SF 133 and Schedule P. See descriptions above.
4176	Actual offsetting collections (discretionary and mandatory) (–)	Sum of lines 4030 through 4034 and 4120 through 4124 on the SF 133 and Schedule P. See descriptions above.
4177	Change in uncollected pymts, Fed sources (discretionary and mandatory) (+ or –)	Sum of lines 4050, 4051, 4140, and 4141 on the SF 133 and Schedule P. See descriptions above.
4178	Recoveries of prior year paid obligations (discretionary and mandatory)	Sum of lines 4053, 4054, 4143 and 4144 on the SF 133. See descriptions above.
4179	Anticipated offsetting collections (discretionary and mandatory) (+ or –)	Sum of lines 4055 and 4145 on the SF 133. See descriptions above.
4180	Budget authority, net (total) (discretionary and mandatory)	See description above. This line is common to the SF 133, Schedule P and SBR.
4185	Outlays, gross (discretionary and mandatory)	Sum of lines 4010, 4011, 4100 and 4101 on the SF 133 and Schedule P. See descriptions above.
4187	Actual offsetting collections (discretionary and mandatory) (–)	Sum of lines 4030 through 4034 and 4120 through 4124 on the SF 133 and Schedule P. See descriptions above.
4190	Outlays, net (total) (discretionary and mandatory)	See description above. This line is common to the SF 133, Schedule P and SBR.
4200	Distributed offsetting receipts (–)	Collections that are offset against gross outlays and budget authority but are not authorized to be credited to expenditure accounts are credited to receipt accounts and are offset at the agency level.
4210	Agency outlays, net (discretionary and mandatory)	Sum of line 4190 minus 4200.

12. HOW DO I TREAT EXTENSIONS OF THE AVAILABILITY OF UNOBLIGATED BALANCES?

Extensions of the availability of unobligated balances of budget authority are treated as new budget authority (e.g., reappropriations) or balance transfers depending on:

- The underlying authority to extend the availability; and
- Whether availability is extended before or after the balances have expired.
- Based on the factors above, the extensions are shown as follows:

(a) Apportionment

Reappropriations described in paragraph (a) are reflected on line 1105: "BA: Disc: Reappropriation", and 1204: "BA: Mand: Reappropriation." Initial apportionments for FY 2017 should reflect an estimate of the amount to be reappropriated from the estimated expiring FY 2016 balances. A reapportionment may be required after the actual amount of the expiring balances is known. You may wish to reflect these amounts on lines 1134, "BA: Disc: Appropriations precluded from obligation," or 1234, "BA: Mand: Appropriations precluded from obligation" until an appropriate time after the required reprogramming notice has been transmitted to Congress.

Balance transfer amounts from expired to unexpired funds, described in paragraph (b) are reflected on line 1012: "Unob Bal: Expired balance transfer to unexpired acct."

(b) SF 133 Report on Budget Execution and Budgetary Resources

For the SF 133 for September 30, all expiring balances, including amounts subject to reappropriation or balance transfer in the following fiscal year, should be reflected on either line 2201 "Unob Bal: Apportioned: Avail in the current period" or line 2403 "Unob Bal: Unapportioned: Other," as appropriate.

SF 133s prepared for later years should treat reappropriations and balance transfers in the same manner as the apportionment in the available columns. For reappropriations, the amounts moved from the expired TAFS to the available TAFS should show as negative amounts on lines 1131 or 1230 (see exhibit 130G). For balance transfers, the amounts moved from the expired TAFS to the available TAFS should show as negative amounts on line 1012.

(Treasury Financial Manual U.S. Government Standard General Ledger Supplement, which contains crosswalks from the U.S. Standard General Ledger to the SF 133, FMS 2108, and Program and Financing Schedule, is available at http://www.fms.treas.gov/ussgl/index.html).

(c) Schedule P of the President's Budget

When the MAX A-11 database opens, all amounts expiring on September 30 of the prior year should be reflected on schedule P line 1940 "Unobligated balance expiring (memorandum)" in the prior year column.

Amounts reappropriated (such as the example in paragraph (a)) should be reflected on line 1105 "BA: Disc: Reappropriation" in the current year column.

Amounts treated as balance transfers between expired to unexpired funds (such as the example in paragraph (b)) should be reflected on line 1012 " Unob Bal: Expired balance transf to unexpired acct" in the PY column.

Extensions of the Availability of Unobligated Balances

If the authority is provided by	Then the extension is treated as
A standing provision of law <i>enacted before</i> the budget authority was provided.	For unexpired funds: BA transfer if the transfer occurs in the same year the resource became available for obligation; balance transfer for transfers of prior year resources. For expired funds: Balance transfer for transfers of prior year
A provision <i>enacted in the same law</i> that provides the budget authority.	For unexpired funds: BA transfer if the transfer occurs in the same year the resource became available for obligation; balance transfer for transfers of prior year resources. For expired funds: Balance transfer for transfers of prior year resources.
Legislation enacted after the budget authority was provided.	For unexpired funds: BA transfer if the transfer occurs in the same year the resource became available for obligation; balance transfer for transfers of prior year resources. For expired funds: Reappropriation if the transfer occurs in the year for which the legislation is enacted; balance transfer for transfers in subsequent years.

13. HOW DO I RECORD REDUCTIONS OF BUDGET AUTHORITY AND UNOBLIGATED BALANCES?

If you have a reduction of budget authority or unobligated balance, follow the chart below in recording the reduction of budget authority or unobligated balance.

If the reduction is against	Where the fund is	And the type of reduction	Then the reduction should be classified as
Appropriation or unobligated balance of appropriation	General fund expenditure account	Account specific	Permanent (where a negative Treasury warrant is processed): Lines 1130, 1131, 1174, 1230
(derived from the General Fund of the U.S. Treasury)		(unobligated balance not Treasury warra	Permanent (where a negative Treasury warrant is processed): Lines 1130, 1174
		Sequestration	Permanent (where a negative Treasury warrant is processed): Lines 1130, 1131, 1174, 1230

If the reduction is against	Where the fund is	And the type of reduction	Then the reduction should be classified as
	Special fund expenditure account	Account specific	Permanent (where a negative Treasury warrant is processed): Lines 1130, 1131, 1174, 1230, 1274
		Across The Board (unobligated balance not applicable)	Permanent (where a negative Treasury warrant is processed): Line 1130
		Sequestration	Temporary: Lines 1132, 1133, 1232
	Revolving fund expenditure account	Account specific	Permanent (where a negative Treasury warrant is processed): Lines 1130, 1131, 1174, 1230
		Across The Board (unobligated balance not applicable)	Permanent (where a negative Treasury warrant is processed): Line 1130
		Sequestration	Temporary: Lines 1132, 1133, 1232
Appropriation or unobligated balance of appropriation (derived from special or trust fund receipts)	Special fund expenditure account (where appropriation is derived from available special fund receipt account)	Account specific	Temporary (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1175, 1232, 1275
		Across The Board (unobligated balance not applicable)	Temporary (unless specifically identified as permanently canceled or rescinded in law): Line 1132
		Sequestration	Temporary (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1232
	Special fund expenditure account (where appropriation is derived from unavailable special fund receipt account)	Account specific	Temporary (where a negative Treasury warrant is processed to return reduction amount to unavailable special fund receipt account) (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1132, 1232
		Across The Board (unobligated balance not applicable)	Temporary (where a negative Treasury warrant is processed to return reduction amount to unavailable special fund receipt account) (unless specifically identified as permanently canceled or rescinded in law): Line 1132
		Sequestration	Temporary (where a negative Treasury warrant is processed to return reduction amount to

If the reduction is against	Where the fund is	And the type of reduction	Then the reduction should be classified as
			unavailable special fund receipt account) (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1232
	Non-revolving trust fund expenditure account (where appropriation is derived from available	Account specific	Temporary (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1175, 1232, 1275
	trust fund receipt account)	Across The Board (unobligated balance not applicable	Temporary (unless specifically identified as permanently canceled or rescinded in law): Line 1132
		Sequestration	Temporary (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1232
	Non-revolving trust fund expenditure account (where appropriation is derived from unavailable trust fund receipt account)	Account specific	Temporary (where a negative Treasury warrant is processed to return reduction amount to unavailable special fund receipt account) (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1132, 1232
		Across The Board (unobligated balance not applicable	Temporary(where a negative Treasury warrant is processed to return reduction amount to unavailable special fund receipt account) (unless specifically identified as permanently canceled or rescinded in law): Line 1132
		Sequestration	Temporary(where a negative Treasury warrant is processed to return reduction amount to unavailable special fund receip account) (unless specifically identified as permanently canceled or rescinded in law): Lines 1132, 1133, 1232
Borrowing authority	General fund	Account specific	Permanent: Lines 1320, 1420
	expenditure account	Note: For unobligated bala amount will be shown on lin	nces of borrowing authority, the ne 1131 or 1230.
		Across The Board	Permanent
		Sequestration	Permanent: Line 1420
	Special fund	Account specific	Permanent: Line 1320
	expenditure account	Note: For unobligated bala amount will be shown on lin	nces of borrowing authority, the ne 1131 or 1230.

If the reduction is against	Where the fund is	And the type of reduction	Then the reduction should be classified as
		Across The Board	Permanent
		Sequestration	Temporary: Line 1421
	Revolving fund	Account specific	Permanent: 1320, 1420
	expenditure account	Note: For unobligated balar amount will be shown on lin	nces of borrowing authority, the ne 1131 or 1230.
		Across The Board	Permanent
		Sequestration	Temporary: Line 1421
	Non-revolving trust	Account specific	Permanent: Line 1320, 1420
	fund expenditure account	Note: For unobligated balar amount will be shown on lin	nces of borrowing authority, the ne 1131 or 1230.
	Across The	Across The Board	Permanent
		Sequestration	Temporary: Line 1421
Contract authority or unobligated balance	General fund expenditure account	Account specific	Permanent: Lines 1520, 1620
of contract authority		Across The Board (unobligated balance not applicable)	Permanent
		Sequestration	Permanent
	Special fund	Account specific	Permanent
	expenditure account	Across The Board (unobligated balance not applicable)	Permanent
		Sequestration	Temporary: Line 1621
	Revolving fund expenditure account	Account specific	Permanent: Lines 1520, 1620
		Across The Board (unobligated balance not applicable)	Permanent
		Sequestration	Temporary
	Non-revolving trust	Account specific	Permanent: Lines 1520, 1620
	fund expenditure account	Across The Board (unobligated balance not applicable)	Permanent
		Sequestration	Temporary: Line 1621
Spending authority from offsetting collections or unobligated balance	General or special or revolving or non- revolving trust fund expenditure account	Account specific	Temporary (unless specifically identified as permanently canceled or rescinded in law): Lines 1723, 1823
of spending authority from offsetting collections			Permanent (limited cases wher specifically identified as permanently canceled or rescinded in law): Lines 1722, 1822

If the reduction is against	Where the fund is	And the type of reduction	Then the reduction should be classified as	
		Note: For permanent reductions of unobligated balances of spending authority from offsetting collections, the amount will be shown on line 1131 or 1230.		
		Across The Board (unobligated balance not applicable)	Temporary (if determined to be applicable): Line 1723	
		Sequestration	Temporary: Lines 1723, 1823	
			Permanent (limited cases as determined by OMB): Line1822	
		Note: For permanent reductions of unobligated balances o spending authority from offsetting collections (as determin by OMB), the amount will be shown on line 1131 or 1230.		

14. WHAT IS THE HIERACHY OF APPLYING MULTIPLE REDUCTIONS TO A TREASURY APPROPRIATION FUND SYMBOL INCLUDED IN AN ANNUAL APPROPRIATIONS ACT AND A SEQUESTRATION ORDER?

If more than one discretionary reduction applies to the amount newly appropriated for your Treasury Appropriation Fund Symbol (TAFS) included in an enacted appropriations act, apply the reductions in the following sequence: (1) account-specific reduction, (2) agency-wide reduction, (3) appropriations act-wide reduction, and (4) government-wide reduction. For example, if a TAFS has an account-specific rescission of \$5M against new budget authority of \$400M and \$3M against unobligated balances of prior-year appropriations, only subtract the \$5M from the \$400M and then apply the next reduction to BA of \$395M. If a sequestration order that cancels discretionary budgetary resources is issued, the sequestration reductions will apply to a TAFS after the account-specific reduction and across-the-board reductions required by the enacted appropriation act have been calculated. (See section 100.3 for more information on sequestration of discretionary resources.)

15. WHEN AND HOW DO I RECORD AN ADJUSTMENT OF AN UNOBLIGATED OR OBLIGATED BALANCE START OF YEAR?

If you have discovered an error in the budgetary reporting for a previous fiscal year, you will be required to record the correction (e.g., adjustment to unobligated balance brought forward, Oct 1) in the current fiscal year as an adjustment to the data for the previous fiscal year, even though the action taken to correct the data occurs in the current year. This is because budgetary transactions must be booked against the fiscal year in which they were incurred so that they can be reconciled to the legal period of availability of the appropriations available at the time. Where necessary, Treasury will backdate the correction to the appropriate fiscal year, to prevent recording prior fiscal activity as current fiscal year activity. This is accomplished by filing a backdated Treasury document (Statement of Transactions, nonexpenditure transfer, or warrant), which shows both the date the correction is requested and a prior-year adjustment attribute to backdate the change to the correct period. If a backdated Treasury document must be processed, you are required to submit a request in the exercise (located at https://max.omb.gov/community/x/6YLrHQ) and identify the appropriate information such as an explanation of why the error happened, affected Treasury Appropriation Fund Symbol, the amount of the adjustment in actual dollars, an action plan, and agency contact information. Once you have submitted your request in the exercise and your backdated document to Treasury's Budget Reports Division, you may monitor the status of your request via the

exercise. For a backdated Treasury document to be approved and processed, both Treasury and OMB must provide their concurrence.

For additional Treasury guidance for processing requests to back date corrections to a prior fiscal year, please refer to TFM Bulletin No. 2012–04 titled Using the Prior-Year Adjustment Attribute Required for Federal Agencies Centralized Trial-Balance System II (FACTS II) Reporting and Submitting and Tracking Treasury Backdated Documents (http://fms.treas.gov/tfm/vol1/12-04.html). For details of what should be submitted, contact Treasury's Budget Reports Division at (202) 874–8668 for backdated Statements of Transactions and (202) 874–9865 for backdated nonexpenditure transfers and warrants.

Correcting an unobligated or obligated balance is done to reflect the amounts that were actually obligated in a previous fiscal year. Such corrections have no effect on violations of the Antideficiency Act (ADA). See section 145 for more information on ADA violations.

If a transaction impacts	Where it is determined that there is	And the amount is	Process the transaction as
Unobligated balance, brought forward, Oct 1st			Adjustment to the balance, brought forward October 1st and request a backdated
Unpaid Obligations, brought forward, Oct 1st			Treasury document (e.g., Statement of Transactions, warrant, or nonexpenditure transfer)
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)			transfer)
Unobligated balance, brought forward, Oct 1st	a Fund Balance With Treasury or Net Outlays impact	Less than \$500,000	Current year transaction [Note – On a case by case basis, OMB and Treasury may allow an agency to
Unpaid Obligations, brought forward, Oct 1st			request a backdated Treasury document for specific purposes (e.g., reduction for sequester amount)]
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)			
Unobligated balance, brought forward, Oct 1st	No Fund Balance With Treasury or Net Outlays impact	Greater than, less than, or equal to \$500,000	Adjustment to the balance, brought forward October 1st
Unpaid Obligations, brought forward, Oct 1st			
Uncollected pymts, Fed sources, brought forward, Oct 1 (-)			

16. HOW CAN I DETERMINE WHETHER A TRANSACTION SHOULD BE CLASSIFIED AS A RECOVERY?

Recoveries can pertain to both paid and unpaid obligations. In general, the basis for determining whether a transaction should be classified as a recovery depends on the specific event and the fiscal year of adjustment. Based on these factors, the table below identifies where it is appropriate to classify a transaction as a recovery of either an unpaid obligation or a paid obligation for a Treasury Appropriation Fund Symbol (TAFS).

For further information on recording adjustments as "Recoveries of prior year unpaid obligations" (line 1021), "Recoveries of prior year paid obligations" (line 1033) or "Obligations incurred" (line 2001, 2002, 2003, 2101, 2102, or 2103) in either an unexpired or expired TAFS, refer to Treasury's Bureau of Fiscal Service USSGL accounting transactions at http://www.fms.treas.gov/ussgl.

Event	Fiscal Year of Adjustment	Type of Adjustment	Treatment on SF-133 and Schedule P
		Unpaid obligations	
Decrease in Dollar Contract change/modification	Current Year	Adjustment to unpaid obligations	Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Increase in Dollar Contract change/modification	Current Year	Adjustment to unpaid obligations	Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Change in budget/accounting structure (i.e. object class, direct/reimbursable, budget (cost) center, program, Federal/Nonfederal indicator, vendor code, etc.) [within a TAFS]	Current Year	Adjustment to unpaid obligations	Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Decrease in Dollar Contract change/modification	Subsequent Year (Year 2 and later)	'Downward adjustment' of prior year unpaid obligations	Recoveries of prior year unpaid obligations (Line 1021)
Increase Dollar Contract change/modification	Subsequent Year (Year 2 and later)	'Upward adjustment' of prior year unpaid obligations	Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Change in budget/accounting structure (i.e. object class, direct/reimbursable, budget (cost) center, program, Federal/Nonfederal indicator, vendor code, etc.) [within a TAFS]	Subsequent Year (Year 2 and later)	Adjustment to unpaid obligations	Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Recorded an unpaid obligation in an incorrect TAFS (e.g., 14-15-0234 instead of 14-15-0244)	Subsequent Year (Year 2 and later)	'Downward adjustment' of prior year unpaid obligations in the TAFS where the unpaid obligation was originally incurred (e.g., 14-15-0234) In the TAFS where the transaction is reclassified to,	Recoveries of prior year unpaid obligations (Line 1021) Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)

Event	Fiscal Year of Adjustment	Type of Adjustment	Treatment on SF-133 and Schedule P
		the amount will be recorded as an unpaid obligation (e.g., 14- 15-0244)	
		Paid Obligations	
Decrease in Dollar Value Payment (Overpayment)	Current Year	Adjustment of paid obligations	Gross outlays (Line 4010, 4011, 4100, or 4101)
Increase in Dollar Value Payment (Underpayment)	Current Year	Adjustment of paid obligations	Gross outlays (Line 4010, 4011, 4100, or 4101)
Change in budget/accounting structure (i.e. object class, direct/reimbursable, budget (cost) center, program, Federal/Nonfederal indicator, vendor code, etc.) [within a TAFS]	Current Year	Adjustment of paid obligations	Gross outlays (Line 4010, 4011, 4100, or 4101)
Decrease in Dollar Value Payment (Overpayment)	Subsequent Year (Year 2 and later)	'Downward adjustment' of prior year paid obligations	Recoveries of prior year paid obligations (Line 1033)
Increase in Dollar Value Payment (Underpayment)	Subsequent Year (Year 2 and later)	'Upward adjustment' of prior year paid obligations	Gross outlays (Line 4010, 4011, 4100, or 4101)
Change in budget/accounting structure (i.e. object class, budget (cost) center, program, Federal/Nonfederal indicator, vendor code, etc.) [within a TAFS]	Subsequent Year (Year 2 and later)	Adjustment of paid obligations	Gross outlays (Line 4010, 4011, 4100, or 4101)
Recorded a paid obligation in an incorrect TAFS (e.g., 14-15-0234 instead of 14-15-0244)	Subsequent Year (Year 2 and later)	'Downward adjustment' of prior year paid obligations in the TAFS where the paid obligation was originally incurred (e.g., 14-15-0234) In the TAFS where the transaction is reclassified to, the amount will be recorded as a paid obligation (e.g., 14-15-0244)	Recoveries of prior year paid obligations (Line 1033) Obligations incurred (Line 2001, 2002, 2003, 2101, 2102, or 2103)
Refund of prior year paid obligation that is credited to a different appropriation or fund account than the one charged with the original obligation	Subsequent Year (Year 2 and later)	Cash collection derived from a Federal or non-Federal source	Spending authority from offsetting collections (collected) (Line 1700 or 1800)

<u>Note</u>: An error or mistake does not constitute an upward or downward adjustment. For errors or mistakes pertaining to a prior year adjustment of a TAFS (i.e., annual, multi-year or no-year Treasury account), you must use a GTAS "Prior Year Adjustment" attribute (see section 15 of this Appendix). If you have any questions, please consult your OMB representative.

Line Numbers for the SF 132, SF 133, Schedule P and SBR

Line No	Line Description	SF 132		bility ¹ to Sched P	SBR
LIIIC INO	OBLIGATIONS BY PROGRAM ACTIVITY	No	No	Yes	No
	Direct obligations:	110	110	1 03	110
0001-0799	Direct Program Activity			U	
	Credit program obligations:				
0701	Direct loan subsidy			U	
0702	Loan guarantee subsidy			U	
0703	Subsidy for modifications of direct loans			U	
0704	Subsidy for modifications of loan guarantees			U	
0705	Reestimates of direct loan subsidy			U	
0706	Interest on reestimates of direct loan subsidy			U	
0707	Reestimates of loan guarantee subsidy			U	
0708	Interest on reestimates of loan guarantee subsidy			U	
0709	Administrative expenses			U	
0710	Direct loan obligations			U	
0711 0712	Default claim payments on principal Default claim payments on interest			U	
0712	Payment of interest to Treasury			U	
0715-0739	Other			U	
0740	Negative subsidy obligations			U	
0740	Modification savings			U	
0741	Downward reestimates paid to receipt accounts			U	
0742	Interest on downward reestimates			U	
0744	Adjusting payments to liquidating account			U	
0/44	Reimbursable obligations:				
0800-0899	Reimbursable Program Activity			U	
0900	Total new obligations, unexpired accounts			U	
	The state of the s				
	BUDGETARY RESOURCES	Yes	Yes	Yes	Yes
	Unobligated balance:				
1000	Unobligated balance brought forward, Oct 1	U	U/E	U	U/E
1001	Discretionary unobligated balance brought forward, Oct 1			U	
1010	Unobligated balance transferred to other accounts (-)	U	U/E	U	[U/E] ³
1011	Unobligated balance transferred from other accounts	U	U/E	U	[U/E] ³
1012	Unobligated balance transfers between expired and unexpired accounts (+ or -)	U	U/E	U	[U/E] ³
	Unobligated balance of contract authority transferred to or from other accounts				1
1013	(net) (+ or -)	U	U	U	[U] ³
1020	Adjustment to unobligated balance brought forward, Oct 1 (+ or -)	U	U/E	U	U/E
1020.5	Unobligated balance, brought forward, Oct 1, as adjusted	Ü	0,12	J	U/E
1021	Recoveries of prior year unpaid obligations	U	U/E	U	[U/E] ³
1022	Capital transfer of unobligated balances to general fund (-)	U	U/E	U	[U/E] ³
1023	Unobligated balances applied to repay debt (-)	U	U/E	U	[U/E] ³
1024	Unobligated balance of borrowing authority withdrawn (-)	U	U	U	$[U]^3$
1025	Unobligated balance of contract authority withdrawn (-)	U	U	U	[U] ³
	Adjustment for change in allocation of trust fund limitation or foreign exchange				
1026	valuation	U	U/E	U	[U/E] ³
	Adjustment in unobligated balances for change in investments of zero coupon				
1027	bonds (special and non-revolving trust funds)	U	U	U	[U] ³
	Adjustment in unobligated balances for change in investments of zero coupon				
1028	bonds (revolving funds)	U	U	U	$[U]^3$
1020	Other balances withdrawn to Treasury (-)	U	U/E	U	[U/E]3
1029	Other balances withdrawn to special or trust funds (-)	U	U/E	U	[U/E] ³
					[U] ³
1030		T.I	11		[L
	Other balances not available (-)	U	U	U	
1030 1031	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust				
1030 1031 1032	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust funds) (-)	U	U	U	[U] ³
1030 1031 1032 1033	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust funds) (-) Recoveries of prior year paid obligations			U U	
1030 1031 1032 1033 1034	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust funds) (-) Recoveries of prior year paid obligations Adjustment for unobligated balance used to liquidate deficiencies (-)	U U	U U/E	U U U	[U] ³ [U/E] ³
1030 1031 1032 1033 1034 1035	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust funds) (-) Recoveries of prior year paid obligations Adjustment for unobligated balance used to liquidate deficiencies (-) Unobligated balance precluded from obligation (limitation on obligations) (-)	U U	U U/E U	U U	[U] ³ [U/E] ³ [U] ³
1030 1031 1032 1033 1034	Other balances not available (-) Refunds and recoveries temporarily precluded from obligation (special and trust funds) (-) Recoveries of prior year paid obligations Adjustment for unobligated balance used to liquidate deficiencies (-)	U U	U U/E	U U U	[U] ³ [U/E] ³

⁺Updated line $^1\mbox{Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E$

²No entry in Fourth Quarter

 $^{^3}$ Included in line 1043.

Line No	Lina Description	SF 132	Applical	bility ¹ to Sched P	SBR
Line No	Line Description BUDGETARY RESOURCES (cont.)	Yes	Yes	Yes	Yes
1042	ì /	U	U ²	1 08	$[U^2]^3$
1042	Anticipated capital transfers and redemption of debt (unobligated balances) (-) Other changes in unobligated balance (+ or -)	U	U		U/E
1043	Unobligated balance (total)	U	U/E	U	U/E
1051	Unobligated balance from prior year budget authority, net		CIE	Ü	U/E
	Expired unobligated balance available for adjustment only:				
1060	Expired unobligated balance brought forward, Oct 1		Е		
1070	Expired unobligated balance transferred to other accounts (-)		E		
1071	Expired unobligated balance transferred from other accounts		E		
1072	Expired unobligated balance transfers between expired and unexpired accounts (-)		Е		
1080	Adjustment of expired unobligated balance brought forward, Oct 1 (+ or -)		E		
1081 1082	Recoveries of prior year unpaid obligations in expired accounts		E E		
1082	Capital transfer of expired unobligated balances to general fund (-) Expired unobligated balances applied to repay debt (-)		E		
1086	Adjustment for change in allocation of trust fund limitation in expired accounts		E		
1089	Other expired unobligated balances withdrawn to Treasury (-)		E		
1090	Other expired unobligated balances withdrawn to speical or trust funds (-)		E		
1093	Recoveries of prior year paid obligations in expired accounts		Е		
1099	Expired unobligated balance (total)		Е		
	Budget authority:				
	Appropriations, discretionary:				
1100	Appropriation	U	U	U	[U] ⁴
1101	Appropriation (special or trust fund)	U	U/E	U	[U/E]
1102	Appropriation (previously unavailable)	U	U/E	U	[U/E]
1103	Appropriation available from subsequent year	U	U	U	[U] ⁴
1104	Appropriation available in prior year (-)	U	U	U	[U] ⁴
1105	Reappropriation	U	U	U	[U] ⁴
1120	Appropriations transferred to other accounts (-)	U	U/E	U	[U/E]
	· · · · · · · · · · · · · · · · · · ·	U	U/E	U	[U/E
1121	Appropriations transferred from other accounts				
1130	Appropriations permanently reduced (-)	U	U	U	[U] ⁴
1131	Unobligated balance of appropriations permanently reduced (-)	U	U/E	U	[U/E]
1132	Appropriations temporarily reduced (-)	U	U	U	[U] ⁴
1133	Unobligated balance of appropriations temporarily reduced (-)	U	U	U	[U] ⁴
1134	Appropriations precluded from obligation (-)	U	U	U	[U] ⁴
1135	Appropriations applied to repay debt (-)	U	U	U	[U] ⁴
1136	Appropriations reduced by offsetting collections (collected) or offsetting receipts (-)	U	U^2		[U] ⁴
1137	Appropriations applied to liquidate contract authority (-)	U	U	U	[U] ⁴
1138	Appropriations applied to liquidate contract authority withdrawn (-)	U	U	U	[U] ⁴
1139	Appropriations substituted for borrowing authority (-)	U	U	U	[U] ⁴
1150	Anticipated appropriation (+ or -)	U	U^2		[U ²]
1151	Anticipated nonexpenditure transfers of appropriations (net) (+ or -)	U	U^2		[U ²]
	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1		U^2		[U ²]
1152	Anticipated capital transfers and redemption of debt (appropriations) (-)	U	_		
1153	Anticipated reductions to appropriations by offsetting collections or offsetting receipts (-)	U	U ²		[U] ⁴
1160	Appropriation, discretionary (total)	U	U/E	U	
1100	Advance appropriations, discretionary:		C/L	U	
1170	Advance appropriation	U	U	U	[U] ⁴
1171	Advance appropriation (special or trust fund)	U	U	U	[U] ⁴
					[U] ⁴
1172	Advance appropriations transferred to other accounts (-)	U	U	U	
1173	Advance appropriations transferred from other accounts	U	U	U	[U] ⁴
1174	Advance appropriations permanently reduced (-)	U	U	U	[U] ⁴
1175	Advance appropriations temporarily reduced (-)	U	U	U	[U] ⁴
1176	Anticipated nonexpenditure transfers of advanced appropriations (net) (+ or -)	U	U ²		[U ²]
1180	Advance appropriation, discretionary (total)	U	U	U	
	Appropriations mandatomy	1			
	Appropriations, mandatory:				
1200	Appropriation	U	U/E	U	[U/E]

⁺Updated line

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

⁴Included in line 1290.

			Applica	bility ¹ to	
Line No	Line Description	SF 132		Sched P	SBR
	BUDGETARY RESOURCES (cont.)	Yes	Yes	Yes	Yes
1201	Appropriation (special or trust fund)	U	U/E	U	[U/E]4
1203	Appropriation (previously unavailable)	U	U/E	U	[U/E]4
1204	Reappropriation	U	U	U	[U] ⁴
1220	Appropriations transferred to other accounts (-)	U	U/E	U	[U/E] ⁴
1221	Appropriations transferred from other accounts	U	U/E	U	[U/E]4
1230	Appropriations and/or unobligated balance of appropriations permanently reduced (-)	U	U/E	U	[U/E] ⁴
1232	Appropriations and/or unobligated balance of appropriations temporarily reduced (-)	U	U	U	[U] ⁴
1234	Appropriations precluded from obligation (-)	U	U	U	$[U]^4$
1235	Capital transfer of appropriations to general fund (-)	U	U	U	[U] ⁴
1236	Appropriations applied to repay debt (-)	U	U	U	[U] ⁴
1238	Appropriations applied to liquidate contract authority (-)	U	U	U	[U] ⁴
1239	Appropriations substituted for borrowing authority (-)	U	U	U	[U] ⁴
1250	Anticipated appropriation (+ or -)	U	U^2		$[U^2]^4$
1251	Anticipated nonexpenditure transfers of appropriations (net) (+ or -)	U	U^2		$[U^2]^4$
1252	Anticipated capital transfers and redemption of debt (appropriations) (-)	U	U^2		$[U^2]^4$
1260	Appropriation, mandatory (total)	U	U/E	U	
	Advance appropriations, mandatory:				
1270	Advance appropriation	U	U	U	[U] ⁴
1271	Advance appropriation (special or trust fund)	U	U	U	[U] ⁴
1272	Advance appropriations transferred to other accounts (-)	U	U	U	[U] ⁴
1273	Advance appropriations transferred from other accounts	U	U	U	[U] ⁴
1274	Advance appropriations permanently reduced (-)	U	U	U	[U] ⁴
1275	Advance appropriations temporarily reduced (-)	U	U	U	[U] ⁴
1276	Anticipated nonexpenditure transfers of advanced appropriations (net) (+ or -	U	U^2		$[U^2]^4$
1280	Advance appropriation, mandatory (total)	U	U	U	
1290	Appropriations (discretionary and mandatory)				U/E
	Borrowing authority, discretionary:				
1300	Borrowing authority	U	U	U	[U] ⁵
1320	Borrowing authority permanently reduced (-)	U	U	U	[U] ⁵
1330	Anticipated reductions to current fiscal year borrowing authority (-)	U	U^2		$[U^2]^5$
1340	Borrowing authority, discretionary (total)	U	U	U	
	Borrowing authority, mandatory:				
1400	Borrowing authority	U	U	U	[U] ⁵
1420	Borrowing authority permanently reduced (-)	U	U	U	[U] ⁵
1421	Borrowing authority temporarily reduced (-)	U	U	U	[U] ⁵
1422	Borrowing authority applied to repay debt (-)	U	U	U	[U] ⁵
1423	Borrowing authority precluded from obligation (limitation on obligations) (-)	U	U	U	[U] ⁵
1430	Anticipated reductions to current fiscal year borrowing authority (-)	U	U ²		$[U^2]^5$
1440	Borrowing authority, mandatory (total)	U	U	U	[O]
1490	Borrowing authority (discretionary and mandatory)				U
	Contract authority, discretionary:				_
1500	Contract authority	U	U	U	[U] ⁶
1510	Contract authority transferred to other accounts (-)	U	U/E	U	[U/E] ⁶
1511	Contract authority transferred from other accounts	U	U/E	U	[U/E] ⁶

⁺Updated line

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

⁴Included in line 1290.

⁵Included in line 1490.

⁶Included in line 1690.

			Applica	bility ¹ to	,
Line No	Line Description	SF 132	SF 133	Sched P	SBR
	BUDGETARY RESOURCES (cont.)	Yes	Yes	Yes	Yes
1520	Contract authority and/or unobligated balance of contract authority permanently				FT 176
1520	reduced (-)	U	U	U	[U] ⁶
1522	Contract authority precluded from obligation (limitation on obligations) (-)	U	U U^2	U	[U] ⁶
1530 1531	Anticipated nonexpenditure transfers of contract authority (net) (+ or -) Anticipated adjustments to current year contract authority (+ or -)	U	U^2		$[U^2]^6$
1540	Contract authority, discretionary (total)	U	U/E	U	[0]
1340	Contract authority, discretionary (total) Contract authority, mandatory:	U	O/E	O	
1600	Contract authority	U	U	U	[U] ⁶
1603	Contract authority (previously unavailable)	U	U	U	[U] ⁶
1610	Contract authority transferred to other accounts (-)	U	U/E	U	[U/E] ⁶
1611	Contract authority transferred from other accounts	U	U/E	U	[U/E] ⁶
1011	Contract authority and/or unobligated balance of contract authority permanently		O/E	U	[O/E]
1620	reduced (-)	U	U	U	[U] ⁶
1621	Contract authority temporarily reduced (-)	U	U	U	[U] ⁶
1622	Contract authority precluded from obligation (limitation on obligations) (-)	U	U	U	[U] ⁶
1630	Anticipated nonexpenditure transfers of contract authority (net) (+ or -)	U	U^2		$[U^{2}]^{6}$
1631	Anticipated adjustments to current year contract authority (+ or -)	U	U^2		$[U^2]^6$
1640	Contract authority, mandatory (total)	U	U/E	U	
1690	Contract authority (discretionary and mandatory)				U/E
	Spending authority from offsetting collections, discretionary:				7
1700	Collected	U	U/E	U	[U/E] ⁷
1701	Change in uncollected payments, Federal sources (+ or -)	U	U/E	U	[U/E]
1702	Offsetting collections (previously unavailable)	U	U	U	[U] ⁷
1710	Spending authority from offsetting collections transferred to other accounts (-)	U	U	U	[U] ⁷
1711	Spending authority from offsetting collections transferred from other accounts	U	U	U	$[U]^7$
1720	Capital transfer of spending authority from offsetting collections to general fund (-)	U	U	U	[U] ⁷
1722	Spending authority from offsetting collections permanently reduced (-)	U	U	U	$[U]^7$
1723	New and/or unobligated balance of spending authority from offsetting collections temporarily reduced (-)	U	U	U	[U] ⁷
	Spending authority from offsetting collections precluded from obligation (limitation on				
1725	obligations) (-)	U	U	U	[U] ⁷
1726	Spending authority from offsetting collections applied to repay debt (-)	U	U	U	[U] ⁷
1727	Spending authority from offsetting collections applied to liquidate contract authority (-)	U	U	U	[U] ⁷
1728	Spending authority from offsetting collections substituted for borrowing authority (-)	U	U	U	$[U]^7$
1740	Anticipated collections, reimbursements, and other income	U	U^2		$[U^2]^7$
1741	Anticipated nonexpenditure transfers of spending authority from offsetting collections (net) (+ or -)	U	U^2		$\left[U^{2}\right] ^{7}$
1742	Anticipated capital transfers and redemption of debt (spending authority from offsetting collections) (-)	U	U^2		[U ²] ⁷
1750	Spending authority from offsetting collections, discretionary (total)	U	U/E	U	[0]
	Spending authority from offsetting collections, mandatory:				
1800	Collected	U	U/E	U	[U/E] ⁷
1801	Change in uncollected payments, Federal sources (+ or -)	U	U/E	U	[U/E] ⁷
1802	Offsetting collections (previously unavailable)	U	U	U	[U] ⁷

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

⁶Included in line 1690.

⁷Included in line 1890.

		Applicability to			
Line No	Line Description	SF 132 SF 133 Sched P		SBR	
	BUDGETARY RESOURCES (cont.)	Yes	Yes	Yes	Yes
1810	Spending authority from offsetting collections transferred to other accounts (-)	U	U	U	[U] ⁷
1811	Spending authority from offsetting collections transferred from other accounts	U	U	U	[U] ⁷
	Capital transfer of spending authority from offsetting collections to general fund				
1820	(-)	U	U	U	[U] ⁷
1822	Spending authority from offsetting collections permanently reduced (-)	U	U	U	[U] ⁷
	New and/or unobligated balance of spending authority from offsetting				
1823	collections temporarily reduced (-)	U	U	U	[U] ⁷
	Spending authority from offsetting collections precluded from obligation				[-,
1824	(limitation on obligations) (-)	U	U	U	[U] ⁷
1825	Spending authority from offsetting collections applied to repay debt (-)	U	U	U	[U] ⁷
	Spending authority from offsetting collections applied to liquidate contract				[-]
1826	authority (-)	U	U	U	[U] ⁷
	Spending authority from offsetting collections substituted for borrowing				L-3
1827	authority (-)	U	U	U	[U] ⁷
1840	Anticipated collections, reimbursements, and other income	U	U^2		$[U^2]^7$
	Anticipated nonexpenditure transfers of spending authority from offsetting				
1841	collections (net) (+ or -)	U	U^2		$[U^2]^7$
	Anticipated capital transfers and redemption of debt (spending authority from				
1842	offsetting collections) (-)	U	U^2		$[U^2]^7$
1850	Spending authority from offsetting collections, mandatory (total)	U	U/E	U	
1890	Spending authority from offsetting collections (discretionary and mandatory)				U/E
1900	Budget authority (total)	U	U/E	U	
1901 1910	Adjustment for new budget authority used to liquidate deficiencies (-)		U/E	U	U/E
1910	Total budgetary resources Total budgetary resources available	U	U/E		U/E
1930	Total budgetary resources available	U		U	
1750	Total budgetary resources available				
	Memorandum (non-add) entries:				
1940	Unobligated balance expiring (-)			U/E	
1941	Unexpired unobligated balance, end of year			U	
	Special and non-revolving trust funds only:				
1950	Other balances withdrawn and returned to unappropriated receipts			U	
1951	Unobligated balance expiring			U	
1952	Expired unobligated balance, start of year			E	
1953	Expired unobligated balance, end of year			E	
1954	Unobligated balance canceling			E	
1955	Other balances withdrawn and returned to general fund			U/E	
	STATUS OF BUDGETARY RESOURCES	No	Yes	No	Yes
	New obligations and upward ajdustments	110	100	110	105
	Direct				
2001	Category A (by quarter)		U/E		[U/E] ⁸
+Undated		·	UIL		LUZE

⁺Updated line

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

⁷Included in line 1890.

⁸Included in line 2190.

				bility ¹ to	1	1
Line No	Line Description	SF 132		Sched P	SBR	4
	STATUS OF BUDGETARY RESOURCES (cont.)	No	Yes	No	Yes	ł
2002	Category B (by project)		U/E		[U/E] ⁸	4
2003	Exempt from apportionment		U/E		[U/E] ⁸	L
2004	Direct obligations (total)		U/E			1
2101	Reimbursable				FT 1 (F) 18	
2101	Category A (by quarter)		U/E		[U/E] ⁸	ı
2102	Category B (by project)		U/E		[U/E] ⁸	1
2103	Exempt from apportionment		U/E		[U/E] ⁸	ı
2104	Reimbursable obligations (total)		U/E			4.
2170 2180	New obligations, unexpired accounts		U E			ľ
2190	Obligations ("upward adjustments"), expired accounts New obligations and upward adjustments (total)		U/E		U/E	-
2190	ivew obligations and upward adjustments (total)		U/L		U/E	l
	Unobligated balance					ı
	Apportioned, unexpired accounts					-
2201	Available in the current period		U		[U] ⁹	1
2202	Available in subsequent periods		U		[U] ⁹	1
2203	Anticipated (+ or -)		U^2		$[U^2]^9$	ı
2204	Apportioned, unexpired accounts		U		U	ŀ
220.	Exempt from apportionment, unexpired accounts					-
2301	Available in the current period		U		[U] ¹⁰	ı
2302	Available in subsequent periods		U		[U] ¹⁰	1
2303	Anticipated (+ or -)		U^2		$[U^2]^{10}$	ı
2303	Exempt from apportionment, unexpired accounts		U		U	ŀ
2501	Unapportioned, unexpired accounts					ŀ
2401	Deferred		U		[U] ¹¹	ı
2402	Withheld pending rescission		U		[U] ¹¹	1
2403	Other		U		[U] ¹¹	ŀ
2404	Unapportioned, unexpired accounts		U		U	ŀ
2412	Unexpired unobligated balance: end of year		U		U	ŀ
2413	Expired unobligated balance: end of year		Е		Е	1
2490	Unobligated balance, end of year (total)		U/E		U/E	ŀ
2500	Total budgetary resources		U/E		U/E	1
						ı
	Memorandum (non-add) entries:					l
2501	Subject to apportionment - excluding anticipated amounts		U/E			ľ
2502 2503	Exempt from apportionment - excluding anticipated amounts Direct unobligated balance, end of year - excluding anticipated amounts		U/E U/E			ŀ
2504	Reimbursable unobligated balance, end of year - excluding anticipated amounts		U/E			ľ
2504	remoursable unbougated balance, end of year - excluding anderpated amounts		O/L			l
	CHANGE IN OBLIGATED BALANCE	No	Yes	Yes	Yes	1
	Unpaid obligations:					1
3000	Unpaid obligations, brought forward, Oct 1		U/E	U/E	U/E	ı
3001	Adjustment to unpaid obligations, brought forward, Oct 1 (+ or -)		U/E	U/E	[U/E] ¹²	
3006	Adjustment to unpaid obligtions, start of year (+ or -)				U/E	
3010	New obligations, unexpired accounts		U	U	[U] ¹³	ŀ
3011	Obligations ("upward adjustments"), expired accounts		Е	Е	[E] ¹³	ŀ
3012	New obligations and upward adjustments				U/E	ŀ
3020	Outlays (gross) (-)		U/E	U/E	U/E	
3030	Unpaid obligations transferred to other accounts (-)		U/E	U/E	[U/E]14	

⁺Updated line

²No entry in Fourth Quarter

⁸Included in line 2190.

⁹Included in line 2204.

 $^{^{10}}$ Included in line 2304.

¹¹Included in line 2404.

¹²Included in line 3006.

¹³Included in line 3012.

¹⁴Included in line 3032.

			Applica	bility ¹ to	1
Line No	Line Description	SF 132		Sched P	SBR
	CHANGE IN OBLIGATED BALANCE (cont.)	No	Yes	Yes	Yes
3031	Unpaid obligations transferred from other accounts		U/E	U/E	[U/E]14
3032	Actual transfers, unpaid obligations (net) (+ or -)				U/E
3040	Recoveries of prior year unpaid obligations, unexpired accounts (-)		U	U	[U] ¹⁵
3041	Recoveries of prior year unpaid obligations, expired accounts (-)		Е	Е	[E] ¹⁵
3042	Recoveries of prior year unpaid obligations (-)				U/E
3050	Unpaid obligations, end of year		U/E	U/E	U/E
	Uncollected payments:				
3060	Uncollected pymts, Fed sources, brought forward, Oct 1 (-)		U/E	U/E	U/E
	Adjustment to uncollected pymts, Fed sources, brought forward,				16
3061	Oct 1 (+ or -)		U/E	U/E	[U/E] ¹⁶
	Adjustment to uncollected pymts, Fed sources, brought forward,				
3066	start of year (+ or -)				U/E
3070	Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)		U	U	[U] ¹⁷
3071	Change in uncollected pymts, Fed sources, expired accounts (+ or -)		Е	Е	[E] ¹⁷
3072	Change in uncollected pymts, Fed sources (+ or -)				U/E
3080	Uncollected pymts, Fed sources transferred to other accounts		U/E	U/E	[U/E] ¹⁸
3081	Uncollected pymts, Fed sources transferred from other accounts (-)		U/E	U/E	[U/E] ¹⁸
3082	Actual transfers, uncollected pymts, Fed sources (net) (+ or -)		0,1	0,12	U/E
3090	Uncollected pymts, Fed sources, end of year (-)		U/E	U/E	U/E
	Memorandum (non-add) entries:				
3100	Obligated balance, start of year (+ or -)		U/E	U/E	U/E
3200	Obligated balance, end of year (+ or -)		U/E	U/E	U/E
	BUDGET AUTHORITY AND OUTLAYS, NET	No	Yes	Yes	Yes
	Discretionary:				
4000	Budget authority, gross		U/E	U	[U/E] ¹⁹
	Outlays, gross				[- ·]
4010	Outlays from new discretionary authority		U/E	U/E	[U/E] ²⁰
4011	Outlays from discretionary balances		U/E	U/E	[U/E] ²⁰
4020	Outlays, gross (total)		U/E	U/E	[C/L]
.020	Offsets against gross budget authority and outlays:		0,2	0,2	
	Offsetting collections (collected) from:				
4030	Federal sources (-)		U/E	U/E	[U/E] ²¹
4031	Interest on Federal securities (-)		U/E	U/E	[U/E] ²¹
4033	Non-Federal sources (-)		U/E	U/E	[U/E] ²¹
4033			U/E		[U/E] ²¹
4040	Offsetting governmental collections (-) Offsets against gross budget authority and outlays (total) (-)		U/E	U/E U/E	[U/E]
1070	Additional offsets against gross budget authority and outlays (total) (-)		C/L	U/L	
4050	Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)		U	U	[U] ²²
					[E] ²²
4051	Change in uncollected pymts, Fed sources, expired accounts (+ or -) Offsetting collections credited to expired accounts		Е	E	[E]
4052 4053	Recoveries of prior year paid obligations, unexpired accounts		U	E U	
4054	Recoveries of prior year paid obligations, expired accounts		E		
4055	Anticipated offsetting collections (+ or -)		U^2		$[U^2]^{23}$
4060	Additional offsets against budget authority only (total)		U/E	U/E	
	bility to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E		L O/L	UL	<u> </u>

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

¹²Included in line 3016.

¹⁴Included in line 3032.

¹⁵Included in line 3042.

¹⁶Included in line 3066.

¹⁷Included in line 3072.

¹⁸Included in line 3082.

¹⁹Included in line 4175.

²⁰Included in line 4185.

²¹Included in lines 4177 and 4187.

 $^{^{22}}$ Included in line 4178.

²³Included in line 4179.

			Applica	bility ¹ to	
Line No	Line Description	SF 132		Sched P	SBR
	BUDGET AUTHORITY AND OUTLAYS, NET (cont.)	Yes	Yes	Yes	Yes
4070	Budget authority, net (discretionary)		U/E	U	
4080	Outlays, net (discretionary)		U/E	U/E	
	Mandatory:				
4090	Budget authority, gross		U/E	U	[U/E] ¹⁹
	Outlays, gross				
4100	Outlays from new mandatory authority		U/E	U/E	
4101	Outlays from mandatory balances		U/E	U/E	
4110	Outlays, gross (total)		U/E	U/E	[U/E] ²⁰
	Offsets against gross budget authority and outlays:				
	Offsetting collections (collected) from:				
4120	Federal sources (-)		U/E	U/E	[U/E] ²¹
4121	Interest on Federal securities (-)		U/E	U/E	[U/E] ²¹
4122	Interest on uninvested funds (-)		U/E	U/E	[U/E] ²¹
	· ·				
4123	Non-Federal sources (-)		U/E	U/E	[U/E] ²¹
4124	Offsetting governmental collections (-)		U/E	U/E	[U/E] ²¹
4130	Offsets against gross budget authority and outlays (total) (-)		U/E	U/E	
	Additional offsets against gross budget authority only:				22
4140	Change in uncollected pymts, Fed sources, unexpired accounts (+ or -)		U	U	$[U]^{22}$
4141	Change in uncollected pymts, Fed sources, expired accounts (+ or -)		E		$[E]^{22}$
4142	Offsetting collections credited to expired accounts			Е	
4143	Recoveries of prior year paid obligations, unexpired accounts		U	U	
4144	Recoveries of prior year paid obligations, expired accounts		Е		
4145	Anticipated offsetting collections (+ or -)		U^2		$[U^2]^{23}$
4150	Additional offsets against budget authority only (total)		U/E	U/E	
4160	Budget authority, net (mandatory)		U/E	U	
4170	Outlays, net (mandatory)		U/E	U/E	
	Discretionary and Mandatory:				
4175	Budget authority, gross (discretionary and mandatory)				U/E
4176	Actual offsetting collections (discretionary and mandatory) (-)				U/E
4177	Change in uncollected pymts, Fed sources (discretionary and mandatory) (+ or -)				U/E
4178	Recoveries of prior year paid obligations (discretionary and mandatory)				
4179	Anticipated offsetting collections (discretionary and mandatory) (+ or -)				U/E ²
4180	Budget authority, net (total) [discretionary and mandatory]		U/E	U	U/E
4185	Outlays, gross (discretionary and mandatory)				U/E
4187	Actual offsetting collections (discretionary and mandatory) (-)				U/E
4190	Outlays, net (total) [discretionary and mandatory]		U/E	U/E	U/E
4200	Distributed offsetting receipts (-)				**24
4210	Agency outlays, net (discretionary and mandatory)				U/E
	Memorandum (non-add) entries	No	No	Yes	No
5000	Total investments, SOY: Federal securities: Par value			U	
5001	Total investments, EOY: Federal securities: Par value			U	
5010	Total investments, SOY: non-Federal securities: Market value			U	
5011	Total investments, EOY: non-Federal securities: Market value			U	
5050	Unobligated balance, SOY: Contract authority			U	
5051	Unobligated balance, EOY: Contract authority			U	
5052 5053	Obligated balance, SOY: Contract authority			U U	
5054	Obligated balance, EOY: Contract authority Fund balance in excess of liquidating requirements, SOY: Contract authority			U	
5055	Fund balance in excess of liquidating requirements, SOY: Contract authority Fund balance in excess of liquidating requirements, EOY: Contract authority			U	
5061	Limitation on obligations (Transportation trust funds)			U	
	Limitation on obligations (Transportation trust funds) bility to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E			U	

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

²No entry in Fourth Quarter

¹⁹Included in line 4175.

 $^{^{20}}$ Included in line 4185.

²¹Included in lines 4177 and 4187.

 $^{^{22}}$ Included in line 4178.

²³Included in line 4179.

²⁴Applicability to unexpired and expired accounts does not apply to receipt accounts

				bility ¹ to	
Line No	Line Description	SF 132	SF 133	Sched P	SBR
	Memorandum (non-add) entries (cont)	No	No	Yes	No
5080	Outstanding debt, SOY (-)			U	
5081	Outstanding debt, EOY (-)			U	
5082	Borrowing (-)			U	
5090	Unexpired unavailable balance, SOY: Offsetting collections			U	
5091	Expiring unavailable balance: Offsetting collections (-)			U	
5092	Unexpired unavailable balance, EOY: Offsetting collections			U	
5093	Expired unavailable balance, SOY: Offsetting collections			Е	
5094	Canceling unavailable balance: Offsetting collections (-)			Е	
5095	Expired unavailable balance, EOY: Offsetting collections			E	
5096	Unexpired unavailable balance, SOY: Appropriations			U	
5097	Expiring unavailable balance: Appropriations (-)			U	
5098	Unexpired unavailable balance, EOY: Appropriations			U	
5099	Unexpired unavailable balance, SOY: Contract authority			U	
5100	Unexpired unavailable balance, SO1: Contract authority Unexpired unavailable balance, EOY: Contract authority			U	
5100	*			U	
	Unexpired unavailable balance, SOY: Borrowing authority			U	
5102	Unexpired unavailable balance, EOY: Borrowing authority			-	
5103	Unexpired unavailable balance, SOY: Fulfilled purpose			U	
5104	Unexpired unavailable balance, EOY: Fulfilled purpose			U	
5110	IMF quota reserve tranche increase (P.L. xxx-xxx)			U	
5111	IMF quota letter of credit increase (P.L. xxx-xxx)			U	
5112	IMF quota reserve tranche, total			U	
5113	IMF quota letter of credit, total			U	
5114	New Arrangements to Borrow (P.L. xxx-xxx)			U	
5115	New Arrangements to Borrow (exchange rate)			U	
5116	New Arrangements to Borrow, total			U	
5200	Discretionary mandated transfer to other accounts (-)			U	
5201	Discretionary mandated transfer from other accounts			U	
	APPLICATION OF BUDGETARY RESOURCES	Yes	No	No	No
	Category A (by quarter)				
6001	1st quarter	U			
6002	2nd quarter	U			
6003	3rd quarter	U			
6004	4th quarter	U			
	Catagamy B (by punicat)				
6011-6110	Category B (by project) Project Label	U			
	·				
	Category AB (by fiscal quarter and project)				
6111-6159	Project Label	U			
	Category C (for future years)				
6170	[Designate 1st FY beyond the current year]	U			
6171	[Designate 2nd FY beyond the current year]	U			
6172	[Designate 3rd FY beyond the current year]	U			
6173	[Designate 4th FY beyond the current year]	U			
	Unapportioned				
6180	Withheld pending rescission	U			
6181	Deferred	U			
6182	Unapportioned balance of revolving fund	U			
6183	Exempt from apportionment	U			
6190	Total budgetary resources available	U			
	UNFUNDED DEFICIENCIES	No	No	Yes	No
	Unfunded deficiency, start of year (-)			U	-
7000					
	New deficiency (-)			IJ	
7000 7010 7012	New deficiency (-) Budgetary resources used to liquidate deficiencies			U U	

⁺Updated line

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

		Applicability ¹ to			
Line No	Line Description	SF 132	SF 133	Sched P	SBR
	Memorandum (non-add) entries (cont)	No	No	Yes	No
	GUARANTEED LOAN LEVELS AND APPLICATIONS	Yes	No	No	No
	Guaranteed loan limitation				
8100	Program Level, Current Year	U			
8200	Program Level, Unused from prior years	U			
	Application of guaranteed loan limitation				
8201	Application, Category A, First quarter	U			
8202	Application, Category A, Second quarter	U			
8203	Application, Category A, Third quarter	U			
8204	Application, Category A, Fourth quarter	U			
8211-8235	Application, Category B (by project) or risk category	U			

⁺Updated line

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with an E

Abbreviated Line Titles for the SF 132 and SF 133

Line No	Line Description	Applica	bility ¹ t
Line No	Line Description	SF 132	SF 13
	BUDGETARY RESOURCES	Yes	Yes
1000	Unob Bal: Brought forward, Oct 1	U	U/E
1010	Unob Bal: Transferred to other accounts	U	U/E
1011	Unob Bal: Transferred from other accounts	U	U/E
1012	Unob Bal: Transfers betw expired\unexpired accts	U	U
1013	Unob Bal: Contract authority transferred	U	U
1020	Unob Bal: Adj to SOY bal brought forward, Oct 1	U	U/E
1021	Unob Bal: Recov of prior year unpaid obligations	U	U/E
1022	Unob Bal: Capital transfer to general fund	U	U/E
1023	Unob Bal: Applied to repay debt	U	U/E
1024	Unob Bal: Borrowing authority withdrawn	U	U
1025	Unob Bal: Contract authority withdrawn	U	U
1026	Unob Bal: Adj for change in allocation\valuation	U	U/E
1027	Unob Bal: Change in zero coupon bonds(spec/trust)	U	U
1028	Unob Bal: Change in zero coupon bonds (revolving)	U	U
1029	Unob Bal: Other balances withdrawn to Treasury	U	U/E
1030	Unob Bal: Other balances withdrawn to spec/trust	U	U/E
1031	Unob Bal: Other balances not available	U	U
1032	Unob Bal: Refunds/recov temp precl ob (spec/trust)	U	U
1033	Unob Bal: Recov of prior year paid obligations	U/E	U/E
1035	Unob Bal: Unobl bal precluded from obligation	U	U
1040	Unob Bal: Antic nonexpenditure transfers (net)	U	U ²
1041	Unob Bal: Antic recov of prior year unpd/pd obl	U	U^2
1042	Unob Bal: Antic cap trans and redemption of debt	U	U
1050	Unob Bal: Unobligated balance (total)	U	U/E
1060	Exp Unob Bal: Brought forward, Oct 1		Е
1070	Exp Unob Bal: Transferred to other accounts		Е
1071	Exp Unob Bal: Transferred from other accounts		Е
1072	Exp Unob Bal: Transfer btw expired\unexpired accts		Е
1080	Exp Unob Bal: Adj to SOY bal brought fwd, Oct 1		Е
1081	Exp Unob Bal: Recov of prior year unpaid obs		Е
1082	Exp Unob Bal: Capital transfer to general fund		Е
1083	Exp Unob Bal: Applied to repay debt		Е
1086	Exp Unob Bal: Adj for change in allocation		Е
1089	Exp Unob Bal: Other balances withdrawn to Treasury		Е
1090	Exp Unob Bal: Other exp bal withdrawn to spec/trus		Е
1093	Exp Unob Bal: Recov of prior year paid ob		Е
1099	Exp Unob Bal: Expired bal for adj only (total)		Е
1100	BA: Disc: Appropriation	U	U
1101	BA: Disc: Appropriation (special or trust fund)	U	U/E
1102	BA: Disc: Appropriation (previously unavailable)	U	U/E
1103	BA: Disc: Approp available from subsequent year	U	U
1104	BA: Disc: Appropriation available in prior year	U	U
1105	BA: Disc: Reappropriation	U	U
1120	BA: Disc: Approps transferred to other accounts	U	U/E
1121	BA: Disc: Approps transferred from other accounts	U	U/E
1130	BA: Disc: Appropriations permanently reduced	U	U
1131	BA: Disc: Unob bal of approps permanently reduced	U	U/E
1132	BA: Disc: Appropriations temporarily reduced	U	U
1133	BA: Disc: Unob bal of approps temporarily reduced	U	U
1134	BA: Disc: Appropriations precluded from obligation	U	U
1135	BA: Disc: Appropriations applied to repay debt	U	U
1136	BA: Disc: Approps rdc by offset coll(coll)/recpts	U	U^2
1137	BA: Disc: Approps applied to liq contract auth	U	U
1138	BA: Disc: Approp applied to liq cont auth withdrwn	U	U

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with E

²No entry in Fourth Quarter

⁺Updated line

Lina Na	Line Description	Applica	bility ¹ to	
Line No	Line Description	SF 132	SF 133	Ī
	BUDGETARY RESOURCES cont.	Yes	Yes]
1139	BA: Disc: Approps substituted for borrowing auth	U	U]
1150	BA: Disc: Anticipated appropriation	U	U	
1151	BA: Disc: Appropriations: Antic nonexpend trans net	U	U^2	
1152	BA: Disc: Appropriatons: Antic cap trans redemp debt	U	U^2	
1153	BA: Disc: Antic redc to apprp by offst coll/recpt	U	U^2	1
1160	BA: Disc: Appropriation (total)	U	U/E	L
1170	BA: Disc: Advance appropriation	U	U	1
1171	BA: Disc: Adv approp (special or trust fund)	U	U	L
1172	BA: Disc: Adv approps trans to other accounts	U	U]+
1173	BA: Disc: Adv approps trans fr other accounts	U	U	+
1174	BA: Disc: Advance approps permanently reduced	U	U]+
1175	BA: Disc: Advance approps temporarily reduced	U	U	H
1176	BA: Disc: Adv approps antic nonexpend trans net	U	U]+
1180	BA: Disc: Advance appropriation (total)	U	U	L
1200	BA: Mand: Appropriation	U	U/E	
1201	BA: Mand: Appropriation (special or trust fund)	U	U/E	L
1203	BA: Mand: Appropriation (previously unavailable)	U	U/E	L
1204	BA: Mand: Reappropriation	U	U	L
1220	BA: Mand: Approps transferred to other accounts	U	U/E	L
1221	BA: Mand: Approps transferred from other accounts	U	U/E	L
1230	BA: Mand: New\Unob bal of approps perm reduced	U	U/E	L
1232	BA: Mand: New\Unob bal of approps temp reduced	U	U	L
1234	BA: Mand: Appropriations precluded from obligation	U	U	L
1235	BA: Mand: Approps: Cap trans to general fund	U	U	L
1236	BA: Mand: Appropriations applied to repay debt	U	U	ı
1238	BA: Mand: Approps applied to liq contract auth	U	U	L
1239	BA: Mand: Approps substituted for borrowing auth	U	U	L
1250	BA: Mand: Anticipated appropriation	U	U ²	L
1251	BA: Mand: Appropriations:Antic nonexpend trans net	U	U ²	L
1252	BA: Mand: Approrps: Antic cap trans redemp debt	U	U^2	ı
1260	BA: Mand: Appropriations (total)	U	U/E	L
1270	BA: Mand: Advance appropriation	U	U	L
1271	BA: Mand: Adv appropriation(special or trust fund)	U	U	L
1272	BA: Mand: Adv approps trans to other accounts	U	U	ľ
1273	BA: Mand: Adv approps trans fr other accounts	U	U	ľ
1274	BA: Mand: Advance approps permanently reduced	U	U	ľ
1275	BA: Mand: Advance approps temporarily reduced	U	U	ľ
1276	BA: Mand: Adv approps antic nonexpend trans net	U	U	+
1280	BA: Mand: Advance appropriation (total) BA: Disc: Borrowing authority	U	U	L
1300 1320	BA: Disc: Borrowing authority BA: Disc: Borrowing authority permanently reduced	U	U	1
			U^2	L
1330 1340	BA: Disc: Borrowing auth: Antic reduc to curr FY BA: Disc: Borrowing authority (total)	U	_	1
1340	BA: Disc: Borrowing authority (total) BA: Mand: Borrowing authority	U	U	L
1400	BA: Mand: Borrowing authority BA: Mand: Borrowing authority permanently reduced	U	U	1
1420	BA: Mand: Borrowing authority temporarily reduced	U	U	L
1421	BA: Mand: Borrowing authority temporarily reduced	U	U	1
1423	BA: Mand: Borrowing authority applied repay deor	U	U	L
		U	U^2	1
1430	BA: Mand: Borrowing auth: Antic reduc to curr FY	U	U	L

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²No entry in Fourth Quarter

⁺Updated line

Line No	Line Description	Applica	licability ¹ to	
Lille No	Line Description	SF 132	SF 133	
	BUDGETARY RESOURCES cont.	Yes	Yes	
1440	BA: Mand: Borrowing authority (total)	U	U	
1500	BA: Disc: Contract authority	U	U	
1510	BA: Disc: Contract auth: Trans to other accounts	U	U/E	
1511	BA: Disc: Contract auth: Trans from other accounts	U	U/E	
1520	BA: Disc: Contract auth: New\Unob bal perm reduced	U	U	
1522	BA: Disc: Contract auth: Precluded from ob (lim)	U	U	
1530	BA: Disc: Contract auth: Antic nonexpend trans net	U	U^2	
1531	BA: Disc: Contract auth: Antic adj to current FY	U	U^2	
1540	BA: Disc: Contract authority (total)	U	U/E	
1600	BA: Mand: Contract authority	U	U	
1603	BA: Mand: Contract auth (previously unavailable)	U	U	
1610	BA: Mand: Contract auth: Trans to other accounts	U	U/E	
1611	BA: Mand: Contract auth: Trans from other accounts	U	U/E	
1620	BA: Mand: Contract auth: New\Unob bal perm reduced	U	U	
1621	BA: Mand: Contract authority temporarily reduced	U	U	
1622	BA: Mand: Contract auth: Precluded from ob (lim)	U	U	
1630	BA: Mand: Contract auth: Antic nonexpend trans net	U	U^2	
1631	BA: Mand: Contract auth: Antic adj to current FY	U	U^2	
1640	BA: Mand: Contract authority (total)	U	U/E	
1700	BA: Disc: Spending auth: Collected	U	U/E	
1701	BA: Disc: Spending auth: Chng uncoll pymts Fed src	U	U/E	
1702	BA: Disc: Spending auth: Previously unavailable	U	U/E	
1710	BA: Disc: Spending auth: Trans to other accounts	U	U	
1711	BA: Disc: Spending auth: Trans from other accounts	U	U	
1720	BA: Disc: Spending auth: Cap trans to general fund	U	U	
1722	BA: Disc: Spending auth: Permanently reduced	U	U	
1723	BA: Disc: Spending auth: New\Unob bal temp reduced	U	U	
1725	BA: Disc: Spending auth: Precluded from ob (lim)	U	U	
1726	BA: Disc: Spending auth: Applied to repay debt	U	U	
1727	BA: Disc: Spending auth: Applied to liq cont auth	U	U	
1728	BA: Disc: Spending auth: Subbed for borrowing auth	U	U	
1740	BA: Disc: Spending auth:Antic colls, reimbs, other	U	U ²	
1741	BA: Disc: Spending auth: Antic nonexpend trans net	U	U^2	
1742	BA: Disc: Spending auth: Antic cap tran, red debt	U	U^2	
1750	BA: Disc: Spending auth: Total	U	U/E	
1800	BA: Mand: Spending auth: Collected	U	U/E	
1801	BA: Mand: Spending auth: Chng uncoll pymts Fed src	U	U/E	
1802	BA: Mand: Spending auth: Previously unavailable	U	U/E	
1810	BA: Mand: Spending auth: Trans to other accounts	U	U	
1811	BA: Mand: Spending auth: Trans from other accounts	U	U	
1820	BA: Mand: Spending auth: Cap trans to general fund	U	U	
1822	BA: Mand: Spending auth: Permanently reduced	U	U	
1823	BA: Mand: Spending auth: New\Unob bal temp reduced	U	U	
1824	BA: Mand: Spending auth: Precluded from ob (lim)	U	U	
1825	BA: Mand: Spending auth: Applied to repay debt	U	U	
1826	BA: Mand: Spending auth: Applied to liq cont auth	U	U	
1827	BA: Mand: Spending auth: Subbed for borrowing auth	U	U	
1840	BA: Mand: Spending auth:Antic colls, reimbs, other	U	U ²	
1841	BA: Mand: Spending auth: Antic nonexpend trans net	U	U^2	
1842	BA: Mand: Spending auth: Antic cap tran, red debt	U	U^2	
1850	BA: Mand: Spending auth: Total	U	U/E	
1900	Budget authority total (disc. and mand.)	U	U/E	
1910	Total budgetary resources (disc. and mand.)		U/E	
1920	Total budgetary resources avail (disc. and mand.)	U		

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with E

²No entry in Fourth Quarter

Line No		Applica	Applicability ¹ to	
	Line Description	SF 132	SF 133	
	STATUS OF BUDGETARY RESOURCES	No	Yes	
2001	Direct obligations: Category A (by quarter)		U/E	
2002	Direct obligations: Category B (by project)		U/E	
2003	Direct obligations: Exempt from apportionment		U/E	
2004	Direct obligations (total)		U/E	
2101	Reimbursable obligations: Category A (by quarter)		U/E	
2102	Reimbursable obligations: Category B (by project)		U/E	
2103	Reimbursable obligations: Exempt fr apportionment		U/E	
2104	Reimbursable obligations (total)		U/E	
2170	New obligations, unexpired accounts		U	
2180	Obligations ("upward adjustments"), expired accounts		Е	
2190	New obligations and upward adjustments (total)		U/E	
2201	Unob Bal: Apportioned, unexp: Avail current period		U	
2202	Unob Bal: Apportioned, unexp: Avail subsequent per		U	
2203	Unob Bal: Apportioned, unexp: Anticipated		U^2	
2301	Unob Bal: Exempt fr Appor, unexp: Avail current per		U	
2302	Unob Bal: Exempt fr Appor, unexp: Avail subseq per		U	
			U^2	
2303	Unob Bal: Exempt from Appor, unexp: Anticipated		_	
2401	Unob Bal: Unapportioned, unexp: Deferred		U	
2402	Unob Bal: Unapportioned, unexp: Wheld pend resciss		U	
2403	Unob Bal: Unapportioned, unexp: Other		U	
2412	Unexpired Unobligated Balance: end of year		U	
2413	Expired Unobligated Balance: end of year		Е	
2490	Unob Bal: end of year		U/E	
2500	Total budgetary resources		U/E	
2501	Memo: Bud resc, subj to appor, excl anticip		U/E	
2502	Memo: Bud resc, exempt fr appor, excl anticip		U/E	
2503	Memo: Bud resc, direct unob bal, EOY, excl anticip		U/E	
2504	Memo: Bud resc, reimb unob bal, EOY, excl anticip		U/E	
	CHANGE IN OBLIGATED BALANCE	No	Yes	
3000	Ob Bal: SOY: Unpaid obs brought forwd, Oct 1		U/E	
3001	Ob Bal: SOY: Adj to unpaid obs brought fwd Oct 1		U/E	
3010	Ob Bal: New obligations: Unexpired accounts		U	
3011	Ob Bal: Obl ("upward adjustments"): Exp accts		Е	
3020	Ob Bal: Outlays (gross)		U/E	
3030	Ob Bal: Nonexpend trans: Unpaid obs: To oth accts		U/E	
3031	Ob Bal: Nonexpend trans: Unpaid obs: Fr oth accts		U/E	
3040	Ob Bal: Recov, prior year unpaid obs, unexp accts		U/E	
3041	Ob Bal: Recov, prior year unpaid obs, exp accts		E	
3050	Ob Bal: EOY: Unpaid obligations		U/E	
3060	Ob Bal: SOY: Uncoll pymt Fed src brought fwd Oct 1		U/E	
3061	Ob Bal: SOY: Adj, uncoll pymt Fed src brought fwd		U/E	
3070	Ob Bal: Change, uncoll pymt, Fed src, unexp		U/E	
3071	Ob Bal: Change, uncoll pymt, Fed src, exp		Е	
3080	Ob Bal: Nonexp trans: Uncol pay Fed src:To oth acc		U/E	
3081	Ob Bal: Nonexp trans: Uncol pay Fed src:Fr oth acc		U/E	
3090	Ob Bal: EOY: Uncoll cust pymt, Fed src, EOY		U/E	
3100	Memo: Obligated balance, start of year		U/E	
3200	Memo: Obligated balance, end of year		U/E	

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with E

²No entry in Fourth Quarter

⁺Updated line

Lina No	Lina Description	Applicability ¹	
Line No	Line Description	SF 132	SF 133
	BUDGET AUTHORITY AND OUTLAYS, NET	No	Yes
4000	Disc: Budget authority, gross		U/E
4010	Disc: Outlays from new authority		U/E
4011	Disc: Outlays from balances		U/E
4020	Disc: Total outlays, gross		U/E
4030	Disc: Offsets, BA and OL: Collections fr Fed srcs		U/E
4031	Disc: Offsets, BA and OL: Collect, int, Fed secur		U/E
4033	Disc: Offsets, BA and OL: Collections, nonFed srcs		U/E
4034	Disc: Offsets, BA and OL: Offsetting Gov collects		U/E
4040	Disc: Offsets against gross BA and outlays (total)		U/E
4050	Disc: Offset, BA: Chng in uncol pay, Fed src, unex		U/E
4051	Disc: Offset, BA: Chng in uncol pay, Fed src, exp		Е
4053	Disc: Offset, BA: Recov, prior year paid obs, unex		U/E
4054	Disc: Offset, BA: Recov, prior year paid obs, exp		Е
4055	Disc: Offsets, BA only: Antic offsetting collect		U^2
4060	Disc: Additional offsets against BA only (total)		U/E
4070	Disc: Budget authority, net		U/E
4080	Disc: Outlays, net		U/E
4090	Mand: Budget authority, gross		U/E
4100	Mand: Outlays from new authority		U/E
4101	Mand: Outlays from balances		U/E
4110	Mand: Total outlays, gross		U/E
4120	Mand: Offsets, BA and OL: Collections fr Fed srcs		U/E
4121	Mand: Offsets, BA and OL: Collect, int, Fed secur		U/E
4122	Mand: Offsets, BA and OL: Collect, int, uninvested		U/E
4123	Mand: Offsets, BA and OL: Collections, nonFed srcs		U/E
4124	Mand: Offsets, BA and OL: Offsetting Gov collects		U/E
4130	Mand: Offsets against gross BA and outlays (total)		U/E
4140	Mand: Offset, BA: Chng in uncol pay, Fed src, unex		U/E
4141	Mand: Offset, BA: Chng in uncol pay, Fed src, exp		Е
4143	Mand: Offset, BA: Recov, prior year paid obs, unex		U/E
4144	Mand: Offset, BA: Recov, prior year paid obs, exp		Е
4145	Mand: Offsets, BA only: Antic offsetting collect		U^2
4150	Mand: Additional offsets against BA only (total)		U/E
4160	Mand: Budget authority, net		U/E
4170	Mand: Outlays, net		U/E
4180	Budget authority, net (disc. and mand.)		U/E
4190	Outlays, net (disc. and mand.)		U/E
4170	APPLICATION OF BUDGETARY RESOURCES	Yes	No
6001	•	U	110
6002	1st quarter 2nd quarter	U	
6003	3rd quarter	U	
6004	4th quarter	U	
6011-6110	[Designate Project]	U	
6111-6159	[Designate Project]	U	
6170	[Designate 1 to Ject] [Designate 1 st FY beyond the current year]	U	
6171	[Designate 2nd FY beyond the current year]	U	
6172	[Designate 2rd FY beyond the current year]	U	
6173	[Designate 31d F F beyond the current year]	U	
6180	Budgetary Resources: Withheld pending rescission	U	
6181	Budgetary Resources: Deferred	U	
6182	Budgetary Resources: Unappor bal, revolving fnd	U	
6183	Budgetary Resources: Unappor bat, revolving ind Budgetary Resources: Exempt from apportionment	U	
6190	Total budgetary resources available	U	

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with E

²No entry in Fourth Quarter

⁺Updated line

Line No	Line Description	Applicability ¹ to	
		SF 132	SF 133
	Guaranteed Loan Levels and Applications	Yes	No
8100	Program Level, Current Year	U	
8200	Program Level, Unused from prior years	U	
8201	Application, Category A, First quarter	U	
8202	Application, Category A, Second quarter	U	
8203	Application, Category A, Third quarter	U	
8204	Application, Category A, Fourth quarter	U	
8211-8235	Application, Category B (by project) or risk category	U	

¹Applicability to Unexpired Accounts is noted with a U and Expired Accounts is noted with E

²No entry in Fourth Quarter

⁺Updated line

APPENDIX G—CROSSWALK BETWEEN ANTIDEFICIENCY ACT AND TITLE 31 OF THE U.S. CODE

In 1982, the Congress reworded and reorganized the language of the Antideficiency Act along with the rest of Title 31 of the United States Code. The intent of the Congress was to modernize the language of the Act, without changing its meaning. This appendix presents a crosswalk between the provisions of law that made up the Antideficiency Act before it was modernized and the current language.

THE ANTIDEFICIENCY ACT	TITLE 31—MONEY AND FINANCE
The following contains the provisions of the Antideficiency Act, formerly section 3679 of the Revised Statutes, and section 210 of the General Government Matters Appropriation Act, 1958. (Formerly 31 U.S.C. 665, 665a, and 669.)	The following provides the section in Title 31 that was enacted without substantive change
(a) Expenditures or contract obligations in excess of funds prohibited No officer or employee of the United States shall make or authorize any expenditure from or create or authorize an obligation under any appropriation or fund in excess of the amount available therein: nor shall any such officer or employee involve the Government in any contract or other obligation, or the payment of money for any purpose, in advance of appropriations made for such purpose, unless such contract or obligation is authorized by law.	Section 1341: Limitations on expending and obligating amounts (a) (1) An officer or employee of the United States Government or the District of Columbia government may not— (A) make or authorize an expenditure or obligation exceeding an amount available in an appropriation or fund for the expenditure or obligation; (B) involve either government in a contract or obligation for the payment of money before an appropriation is made unless authorized by law; (C) make or authorize an expenditure or obligation of funds required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985; or (D) involve either government in a contract or obligation for the payment of money required to be sequestered under section 252 of the Balanced Budget and Emergency Deficit Control Act of 1985. (2) This subsection does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States government.
(b) Voluntary service forbidden No officer or employee of the United States shall accept voluntary service for the United States or employ personal service in excess of that authorized by law, except in cases of emergency	Section 1342: Limitation on voluntary services An officer or employee of the United States Government or of the District of Columbia government may not accept voluntary services for either government or employ personal services

THE ANTIDEFICIENCY ACT	TITLE 31—MONEY AND FINANCE
involving the safety of human life or the protection of property.	exceeding that authorized by law except for emergencies involving the safety of human life or the protection of property. This section does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. As used in this section, the term "emergencies involving the safety of human life or the protection of property" does not include ongoing, regular functions of government the suspension of which would not imminently threaten the safety of human life or the protection of property.
(c) Apportionment of appropriations; reserves; distribution; review (1) Except as otherwise provided in this section, all appropriations or funds available for obligation for a definite period of time shall be so apportioned as to prevent obligation or expenditure thereof in a manner which would indicate a necessity for deficiency or supplemental appropriations for such period; and all appropriations or funds not limited to a definite period of time, and all authorizations to create obligations by contract in advance of appropriations, shall be so apportioned as to achieve the most effective and economical use thereof.	Section 1512: Apportionment and reserves (a) Except as provided in this subchapter, an appropriation available for obligation for a definite period shall be apportioned to prevent obligation or expenditure at a rate that would indicate a necessity for a deficiency or supplemental appropriation for the period. An appropriation for an indefinite period and authority to make obligations by contract before appropriations shall be apportioned to achieve the most effective and economical use. An apportionment may be reapportioned under this section.
As used hereafter in this section, the term "appropriation" means appropriations, funds and authorizations to create obligations by contract in advance of appropriations.	Section 1511: Definition and application (a) In this subchapter, "appropriations" means— (1) appropriated amounts; (2) funds; and (3) authority to make obligations by contract before appropriations.
(2) In apportioning any appropriation, reserves may be established solely to provide for contingencies or to effect savings whenever savings are made possible by or through changes in requirements or greater efficiency of operations.	Section 1512(c): (1) In apportioning or reapportioning an appropriation, a reserve may be established only— (A) to provide for contingencies; (B) to achieve savings made possible by or through changes in requirements or greater efficiency of operations; or (C) as specifically provided by law.
Whenever it is determined by an officer designated in subsection (d) of this section to make apportionments and reapportionments that any	Section 1512(c): (2) A reserve established under this subsection may be changed as necessary to carry out the scope

THE ANTIDEFICIENCY ACT

TITLE 31—MONEY AND FINANCE

amount so reserved will not be required to carry out the full objectives and scope of the appropriation concerned, he shall recommend the rescission of such amount in the manner provided in the Budget and Accounting Act, 1921 (31 U.S.C. 1 et seq.), for estimates of appropriations. Except as specifically provided by particular appropriations acts or other laws, no reserves shall be established other than as authorized by this subsection. Reserves established pursuant to this subsection shall be reported to the Congress in accordance with the Impoundment Control Act of 1974 (31 U.S.C. 1400 et seq.).

and objectives of the appropriation concerned. When an official designated in section 1513 of this title to make apportionments decides that an amount reserved will not be required to carry out the objectives and scope of the appropriation concerned, the official shall recommend the rescission of the amount in the way provided in chapter 11 of this title for appropriation requests. Reserves established under this section shall be reported to Congress as provided in the Impoundment Control Act of 1974 (2 U.S.C. 681 *et seq.*).

(3) Any appropriation subject to apportionment shall be distributed by months, calendar quarters, operating seasons, or other time periods, or by activities, functions, projects, or objects, or by a combination thereof, as may be deemed appropriate by the officers designated in subsection (d) of this section to make apportionments and reapportionments. Except as otherwise specified by the officer making the apportionment, amounts so apportioned shall remain available for obligation, in accordance with the terms of the appropriation, on a cumulative basis unless reapportioned.

Section 1512(b):

- (1) An appropriation subject to apportionment is apportioned by—
- (A) months, calendar quarters, operating seasons, or other time periods;
 - (B) activities, functions, projects, or objects; or
- (C) a combination of the ways referred to in clauses (A) and (B) of this paragraph.
 - (2) The official designated in section 1513 of this title to make apportionments shall apportion an appropriation under paragraph (1) of this subsection as the official considers appropriate. Except as specified by the official, an amount apportioned is available for obligation under the terms of the appropriation on a cumulative basis unless reapportioned.
- (4) Apportionments shall be reviewed at least four times each year by the officers designated in subsection (d) of this section to make apportionments and reapportionments, and such reapportionments made or such reserves established, modified, or released as may be necessary to further the effective use of the appropriation concerned, in accordance with the purposes stated in paragraph (1) of this subsection.

Section 1512:

(d) An apportionment or a reapportionment shall be reviewed at least 4 times a year by the official designated in section 1513 of this title to make apportionments.

Section 1512(a) the last sentence:

... An apportionment may be reapportioned under this section.

- (d) Officers controlling apportionment or reapportionment
 - (1) Any appropriation available to the legislative branch, the judiciary, the United States International Trade Commission, or the District of Columbia, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the officer having administrative control of

Section 1513: Officials controlling apportionments

(a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government that is required to be apportioned under section 1512 of this title shall apportion the appropriation in writing. An appropriation shall be

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such appropriation. Each such appropriation shall be apportioned not later than thirty days before the beginning of the fiscal year for which the appropriation is available, or not more than thirty days after approval of the Act by which the appropriation is made available, whichever is later.

apportioned not later than the later of the following:

- (1) 30 days before the beginning of the fiscal year for which the appropriation is available; or
- (2) 30 days after the date of enactment of the law by which the appropriation is made available.
- (2) Any appropriation available to an agency, which is required to be apportioned under subsection (c) of this section, shall be apportioned or reapportioned in writing by the Director of the Office of Management and Budget. The head of each agency to which any such appropriation is available shall submit to the Office of Management and Budget information, in such form and manner and at such time or times as the Director may prescribe, as may be required for the apportionment of such appropriation. Such information shall be submitted not later than forty days before the beginning of any fiscal year for which the appropriation is available, or not more than fifteen days after approval of the Act by which such appropriation is made available, whichever is later. The Director of the Office of Management and Budget shall apportion each such appropriation and shall notify the agency concerned of his action not later than twenty days before the beginning of the fiscal year for which the appropriation is available or not more than thirty days after approval of the Act by which such appropriation is made available, whichever is later.

Section 1513(b):

- (1) The President shall apportion in writing an appropriation available to an executive agency (except the Commission) that is required to be apportioned under section 1512 of this title. The head of each executive agency to which the appropriation is available shall submit to the President information required for the apportionment in the form and the way and at the time specified by the President. The information should be submitted not later than the later of the following:
- (A) 40 days before the beginning of the fiscal year for which the appropriation is available; or
- (B) 15 days after the date of enactment of the law by which the appropriation is made available.
 - (2) The President shall notify the head of the executive agency of the action taken in apportioning the appropriation under paragraph(1) of this subsection not later than the later of the following:
- (A) 20 days before the beginning of the fiscal year for which the appropriation is available; or
- (B) 30 days after the date of enactment of the law by which the appropriation is made available.

When used in this section, the term "agency" means any executive department, agency, commission, authority, administration, board, or other independent establishment in the executive branch of the Government, including any corporation wholly or partly owned by the United States which is an instrumentality of the United States.

Section 101: Agency

In this title, "agency" means a department, agency, or instrumentality of the United States Government.

Section 102: Executive agency

In this title, "executive agency" means a department, agency, or instrumentality in the executive branch of the United States Government.

Nothing in this subsection shall be so construed as to interfere with the initiation, operation, and administration of agricultural price support programs and no funds (other than funds for administrative expenses) available for price support, surplus removal, and available under section 612c of title 7, with respect to agricultural

Section 1513:

(e) This section does not affect the initiation and operation of agriculture price support programs.

Section 1511:

(b) This subchapter does not apply to—

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commodities shall be subject to apportionment pursuant to this section.	 (1) amounts (except amounts for administrative expenses) available— (A) for price support and surplus removal of agricultural commodities; and (B) under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c);
The provisions of this section shall not apply to any corporation which obtains funds for making loans, other than paid in capital funds, without legal liability on the part of the United States.	Section 1341(a): (2) This subsection does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. Section 1342 (in part): This section does not apply to a corporation getting amounts to make loans (except paid in capital amounts) without legal liability of the United States Government. Section 1511: (b) this subchapter does not apply to— (2) a corporation getting amounts to make loans (except paid in capital amounts) without legal liability on the part of the United States Government;
(e) Apportionment necessitating deficiency or supplemental estimates (1) No apportionment or reapportionment, or request therefore by the head of an agency, which, in the judgment of the officer making or the agency head requesting such apportionment or reapportionment, would indicate a necessity for a deficiency or supplemental estimate shall be made except upon a determination by such officer or agency head, as the case may be, that such action is required because of (A) any laws enacted subsequent to the transmission to the Congress of the estimates for an appropriation which require expenditures beyond administrative control; or (B) emergencies involving the safety of human life, the protection of property, or the immediate welfare of individuals in cases where an appropriation has been made to enable the United States to make payment of, or contributions toward, sums which are required to be paid to individuals either in specific amounts fixed by law or in accordance with formulae prescribed by law.	Section 1515(b): (1) Except as provided in subsection (a) of this section, an official may make, and the head of an agency may request, an apportionment under section 1512 of this title that would indicate a necessity for a deficiency or supplemental appropriation only when the official or agency head decides that the action is required because of— (A) a law enacted after submission to Congress of the estimates for an appropriation that requires an expenditure beyond administrative control; or (B) an emergency involving the safety of human life, the protection of property, or the immediate welfare of individuals when an appropriation that would allow the United States Government to pay, or contribute to, amounts required to be paid to individuals in specific amounts fixed by law or under formulas prescribed by law, is insufficient.

THE ANTIDEFICIENCY ACT TITLE 31—MONEY AND FINANCE (2) In each case of an appropriation or a Section 1515(b): reapportionment which, in the judgment of the (2) If an official making an apportionment decides officer making such apportionment or that an apportionment would indicate a reapportionment, would indicate a necessity for necessity for a deficiency or supplemental a deficiency or supplemental estimate, such appropriation, the official shall submit officer shall immediately submit a detailed immediately a detailed report of the facts to report of the facts of the case to the Congress. Congress. The report shall be referred to in In transmitting any deficiency or supplemental submitting a proposed deficiency or estimates required on account of any such supplemental appropriation. apportionment or reapportionment, reference shall be made to such report. (f) Exemption of trust funds and working funds Section 1516: Exemptions expenditures from apportionment An official designated in section 1513 of this title to make apportionments may exempt from (1) The officers designated in subsection (d) of this apportionment – section to make apportionments and reapportionments may exempt from (1) a trust fund or working fund if an expenditure apportionments trust funds and working funds from the fund has no significant effect on the financial operations of the United States expenditures from which have no significant effect on the financial operations of the Government; Government, working capital and revolving (2) a working capital fund or a revolving fund funds established for intragovernmental established for intragovernmental operations; operations, receipts from industrial and power (3) receipts from industrial and power operations operations available under law and any available under law; and appropriation made specifically for— (4) appropriations made specifically for— (1) interest on, or retirement of, the public debt; (A) interest on, or retirement of, the public debt; (2) payment of claims, judgments, refunds, and (B) payment of claims, judgments, refunds, and draw-backs; drawbacks; (3) any item determined by the President to be (C) items the President decides are of a of a confidential nature; confidential nature: (4) payment under private relief acts or other (D) payment under a law requiring payment of laws requiring payments to designated payees in the the total amount of the appropriation to a designated total amount of such appropriation; payee; and (5) grants to the States under title I, IV, or X of (E) grants to the States under the Social Security the Social Security Act (42 U.S.C. 301 et seg., 1201 et Act (42 U.S.C. 301 et seq.). seq.), or under any other public assistance title in such Act. Section 1511: (2) The provisions of subsection (c) of this section shall not apply to appropriations to the Senate (b) This subchapter does not apply to or House of Representatives or to any Member, (3) the Senate, the House of Representatives, a committee, Office (including the office of the committee of Congress, a member, officer, Architect of the Capitol), officer, or employee employee, or office of either House of thereof. Congress, or the office of the Architect of the Capitol or an officer or employee of that Office. (g) Administrative division of apportionment; Section 1513: Officials controlling apportionments simplification of system for subdividing funds (d) An appropriation apportioned under this

subchapter may be divided and subdivided

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Any appropriation which is apportioned or reapportioned pursuant to this section may be divided and subdivided administratively within the limits of such apportionments or reapportionments. The officer having administrative control of any such appropriation available to the legislative branch, the judiciary, the United States International Trade Commission, or the District of Columbia, and the head of each agency, subject to the approval of the Director of the Office of Management and Budget, shall prescribe, by regulation, a system of administrative control (not inconsistent with any accounting procedures prescribed by or pursuant to law) which shall be designed to (A) restrict obligations or expenditures against each appropriation to the amount of apportionments or reapportionments made for each such appropriation, and (B) enable such officer or agency head to fix responsibility for the creation of any obligation or the making of any expenditure in excess of an apportionment or reapportionment.

administratively within the limits of the apportionment.

Section 1514: Administrative division of apportionments

- (a) The official having administrative control of an appropriation available to the legislative branch, the judicial branch, the United States International Trade Commission, or the District of Columbia government, and, subject to the approval of the President, the head of each executive agency (except the Commission) shall prescribe by regulation a system of administrative control not inconsistent with accounting procedures prescribed under law. The system shall be designed to—
 - (1) restrict obligations or expenditures from each appropriation to the amount of apportionments or reapportionments of the appropriation; and
 - (2) enable the official or the head of the executive agency to fix responsibility for an obligation or expenditure exceeding an apportionment or reapportionment.

In order to have a simplified system for the administrative subdivision of appropriations or funds, each agency shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative subdivision for each appropriation or fund affecting such unit.

- (b) To have a simplified system for administratively dividing appropriations, the head of each executive agency (except the Commission) shall work toward the objective of financing each operating unit, at the highest practical level, from not more than one administrative division for each appropriation affecting the unit.
- (h) Expenditures in excess of apportionment; penalties

 No officer or employee of the United States shall
 authorize or create any obligation or make any
 expenditure (A) in excess of an apportionment or
 reapportionment, or (B) in excess of the amount
 permitted by regulations prescribed pursuant to
 subsection (g) of this section.
- Section 1517: Prohibited obligations and expenditures
- (a) An officer or employee of the United States Government or of the District of Columbia government may not make or authorize an expenditure or obligation exceeding—
 - (1) an apportionment; or
 - (2) the amount permitted by regulations prescribed under section 1514(a) of this title.
- (i) Administrative discipline; reports on violation
 - In addition to any penalty of liability under other law, any officer or employee of the United States who shall violate subsections (a), (b), or (h) of this section shall be subjected to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office;

Section 1349: Adverse personnel actions

(a) An officer or employee of the United States Government or of the District of Columbia government violating section 1341(a) or 1342 of this title shall be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office.

Section 1518: Adverse personnel actions An officer or employee of the United States Government or of the District of Columbia

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	government violating section 1517(a) of this title shall be subject to appropriate administrative discipline including, when circumstances warrant, suspension from duty without pay or removal from office.
And any officer or employee or the United States who shall knowingly and willfully violate subsections (a), (b), or (h) of this section shall, upon conviction, be fined not more than \$5,000 or imprisoned for not more than two years, or both.	Section 1350: Criminal penalty An officer or employee of the United States Government or of the District of Columbia government knowingly and willfully violating section 1341(a) or 1342 of this title shall be fined not more than \$5,000, imprisoned for not more than two years, or both. Section 1519: Criminal penalty An officer or employee of the United States Government or of the District of Columbia government knowingly and willfully violating section 1517(a) of this title shall be fined not more than \$5,000, imprisoned for not more than 2 years, or both.
(2) In the case of a violation of subsections (a), (b), or (h) of this section by an officer or employee of an agency, or of the District of Columbia, the head of the agency concerned or the Mayor of the District of Columbia, shall immediately report to the President, through the Director of the Office of Management and Budget, and to the Congress all pertinent facts together with a statement of the action thereon.	Section 1351: Reports on violations If an officer or employee of an executive agency or an officer or employee of the District of Columbia government violates section 1341(a) or 1342 of this title, the head of the agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress. Section 1517:
	(b) If an officer or employee of an executive agency or of the District of Columbia government violates subsection (a) of this section, the head of the executive agency or the Mayor of the District of Columbia, as the case may be, shall report immediately to the President and Congress all relevant facts and a statement of actions taken. A copy of each report shall be transmitted to the Comptroller General on the same date the report is transmitted to the President and Congress.
31 U.S.C. 665a. Basis of apportionment; need for funds for increased compensation for wage-board employees On and after June 5, 1957, any appropriation required to be apportioned pursuant to section 665 of this title, may be apportioned on a basis indicating the need for a supplemental or deficiency estimate of appropriation to the extent	Section 1515: Authorized apportionment necessitating deficiency or supplemental appropriations (a) An appropriation required to be apportioned under section 1512 of this title may be apportioned on a basis that indicates the need for a deficiency or supplemental appropriation to the extent necessary to permit payment of such pay increases as may be

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necessary to permit payment of such pay increases as may be granted those employees (commonly known as wage-board employees) whose compensation is fixed and adjusted from time to time in accordance with prevailing rates (5 U.S.C. 5102(c)(7), 5341 et seq.).

granted pursuant to law to civilian officers and employees (including prevailing rate employees whose pay is fixed and adjusted under subchapter IV of chapter 53 of title 5) and to retired and active military personnel

31 U.S.C. 669. Apportionment of contingent funds of departments to offices and bureaus (the following passage occurs in section 669 before the semicolon)

In addition to the apportionment required by section 665 of this title, the head of each executive department shall, on or before the beginning of each fiscal year, apportion to each office or bureau of his department the maximum amount to be expended therefore during the fiscal year out of the contingent fund or funds appropriated for the entire year for the department, and the amounts so apportioned shall not be increased or diminished during the year for which made except upon the written direction of the head of the department, in which there shall be fully expressed his reasons therefore.

Section 1513:

(c) By the first day of each fiscal year, the head of each executive department of the United States Government shall apportion among the major organizational units of the department the maximum amount to be expended by each unit during the fiscal year out of each contingent fund appropriated for the entire year for the department. Each amount may be changed during the fiscal year only by written direction of the head of the department. The direction shall state the reasons for the change.

31 U.S.C. 669. Apportionment of use of contingent funds by DC (the following passage occurs in section 669 after the semicolon)

and there shall not be purchased out of any other fund any article for use in any office or bureau of any executive department, in Washington, District of Columbia, which could be purchased out of appropriations made for the regular contingent funds of such department or of its offices and bureaus.

Section 1341:

(b) An article to be used by an executive department in the District of Columbia that could be bought out or an appropriation made to a regular contingent fund of the department may not be bought out of another amount available for obligation.

APPENDIX H—CHECKLIST FOR FUNDS CONTROL REGULATIONS

You must include the following items in the funds control regulations you submit to OMB for approval:

1. Statement of purpose. At a minimum, your regulations should state broadly that their purpose is to prescribe procedures to follow in budget execution and specify basic fund control principles and concepts.

Your regulations should state that they:

- Establish policy with regard to the administrative control of funds.
- Prescribe a system for positive administrative control of funds designed to restrict obligations and expenditures (disbursements) to the amount available in each appropriation or fund account.
- Restrict *both* obligations and expenditures from each appropriation or fund account to *the lower of* the amount of apportionments made by OMB or the amount available for obligation and/or expenditure in the appropriation or fund account.
- Enable the head of your agency to identify the person responsible for any obligation or expenditure exceeding the amount available in the appropriation or fund account, the OMB apportionment or reapportionment, the allotment or suballotments made by the agency, any statutory limitations, and any other administrative subdivision of funds made by the agency.
- Provide procedures for dealing with violations of the Antideficiency Act as well as violations of other administrative subdivision of funds that are not violations of the Antideficiency Act, per se.
- **2. Authority.** At a minimum, you should list the following authorities in the regulations:
 - Money and Finance. <u>Title 31, United States Code</u>:
 - Sections 1341–1342, 1349–1351, 1511–1519 (part of the Antideficiency Act, as amended).
 - Sections 1101, 1104–1108, 3324 (part of the Budget and Accounting Act, 1921, as amended).
 - ▶ Sections 1501–1502 (part of section 1311 of the Supplemental Appropriations Act of 1950).
 - ▶ Sections 1112, 1531, 3511–3512, 3524 (part of the Budget and Accounting Procedures Act of 1950).
 - Title X of P. L. 93–344, found at <u>2 U.S.C. 681–688</u>.
 - Part 4 of OMB Circular No. A-11, "Instructions on Budget Execution," and related OMB guidelines.
 - Other pertinent laws governing your agency's funds and appropriate agency internal regulations, if any.
- **3. Scope.** The regulations should state that all organizations, appropriations, and funds are subject to the provisions contained in them. If you want to make any exemptions, OMB must first approve them. Clearly identify all approved exemptions in the regulations.
- **4. Definitions, terminology, and concepts.** Your regulations should have a section that specifies that the definitions, terminology, and concepts in OMB Circular No. A–11 applies. You may restrict this to terms

that are peculiar to, or have special meaning within your agency, except that you should include the identical definition of the following terms found in OMB Circular No. A–11: apportionment, allotments, suballotments, allowances, and allocations.

- Apportionment means a distribution made by OMB of amounts available for obligation in an appropriation or fund account into amounts available for specified time periods, program, activities, projects, objects, or any combination of these. The apportioned amount limits the obligations that may be incurred. An apportionment may be further subdivided by an agency into allotments, suballotments, and allocations.
- *Allotments* are subdivisions of apportionments that are made by the heads of agencies.
- Suballotments are subdivisions of allotments.
- *Allowances* and *allocations* are subdivisions of suballotments.

In some cases, OMB has approved agency funds control regulations that use terms different from the ones defined above but with the equivalent meaning of those definitions. In these cases, continue to follow the OMB approved regulations.

Your regulation must specify that violations of allotments and suballotments are violations of the Antideficiency Act. If the agency chooses to and OMB approves, the agency may make allowances and allocations also subject to the Antideficiency Act. In this case, the agency must clearly state in its funds control regulations that obligations and expenditures that exceed allowances and allocations are violations of the Antideficiency Act.

To the extent that OMB Circular No. A–11 or Treasury regulations do not provide a definition for a technical term; this section should include a definition for the term that your agency is proposing to use in the regulations.

- **5.** Responsibility and functions of individuals. Your agency regulations should describe those individuals within the agency charged with funds control responsibilities by title or position. At a minimum, they should:
 - List the positions and describe the funds control responsibilities of each.
 - Explain each position's responsibilities with regard to investigating, reporting, and following up on Antideficiency Act violations, as well as violations of agency limitations that are not violations of the Antideficiency Act.
- **6. Actions prohibited.** At a minimum, include the following:
 - *Violations of the Antideficiency Act*. List all the basic actions prohibited by sections 1341, 1342, and 1517(a) of Title 31, U.S. Code (part of the Antideficiency Act), as they are interpreted and applied within your agency.
 - Violations of limitations that do not <u>per se</u> violate the Antideficiency Act. List and briefly describe all your agency's imposed restrictions, including a statement describing the conditions under which violations of these restrictions also violate the Antideficiency Act.

7. Penalties.

A. *Administrative penalties*. The law provides that any officer or employee of the United States who violates the prohibitions of <u>31 U.S.C. 1341(a)</u>, <u>1342</u>, <u>or 1517(a)</u> will be subject to appropriate administrative discipline. Administrative discipline may consist of:

- Letter of reprimand or censure for the official personnel record of the officer or employee.
- Unsatisfactory performance rating.
- Transfer to another position.
- Suspension from duty without pay.
- Removal from office.

B. *Criminal penalties*. In addition, the law provides that any officer or employee of the United States who knowingly and willfully violates the prohibitions shall be fined not more than \$5,000, imprisoned for not more than two years, or both.

Describe all criminal penalties for violations of the Antideficiency Act, as well as any additional disciplinary measures your agency imposes. In addition, describe penalties for violations of agency limitations and requirements that your agency does not consider subject to provisions of the Antideficiency Act.

8. Reporting violations. At a minimum, your regulations should prescribe procedures for reporting apparent violations to responsible agency officials, the President, the Congress, and the Government Accountability Office (GAO). All violations must be reported immediately upon discovery. Antideficiency Act violations must be reported by letter to the President, through OMB, signed by the head of the agency, and by letter to the Congress and GAO.

Any individual who knows of a possible Antideficiency Act violation must report it. Specify who should be notified in your regulations.

Even though you take subsequent actions to correct the cause of a violation, it does not eliminate that violation, and you must still report it.

- **9. Accounting support for funds control systems.** Your regulations must specify that the agency accounting system must fully support agency funds control systems. The accounting systems should provide for:
 - Recording all financial transactions affecting: apportionments; reapportionments; allotments; suballotments; agency restrictions; financial plans; program operating plans; obligations and expenditures; as well as anticipated, earned, and collected reimbursements.
 - Preparing and reconciling financial reports that display cumulative obligations, and the remaining unobligated balance by appropriation and allotment, and cumulative obligations by budget activity and object class.
- **10. Apportionment procedures.** Normally, you describe agency procedures for requesting apportionment of funds in other directives or manuals. However, you should include the following as part of the funds control regulations:
 - Briefly describe your agency's procedures for requesting the apportionment of funds. List position(s) and organizations responsible for making the request.
 - Cite the basic internal agency directives covering the apportionment of funds. At your option, you may include general guidance covering apportionment action in connection with the following:

- ▶ Supplementals.
- Reprogramming.
- Transfer between accounts.
- Discuss agency administrative control of funds policies that apply specifically to revolving funds, management funds, and trust funds, including those that are not apportioned. If any of these funds are not subject to the basic provisions of these regulations (see above), describe the procedures used to control them in a separate section.
- 11. Policy on allotments and suballotments. Include the general policy that allotments and suballotments (or those equivalent terms as specifically defined by your agency in your OMB-approved funds control regulations) will be established at the highest practical level, and each operating unit will be financed from no more than one subdivision for each appropriation or fund (the Antideficiency Act establishes these objectives). Specify the criteria for changing the allotment structure, and identify who has authority to approve such changes. Emphasize that allotments and suballotments are subject to the provisions of the Antideficiency Act.

Include the following in the section on allotments and suballotments:

- Function and purpose of allotments and suballotments.
- Restrictions:
 - ▶ The sum of allotment amounts issued will not exceed the apportionment.
 - The sum of suballotment amounts issued will not exceed the allotment amount.
 - The amounts of allotments or other administrative subdivisions will be fixed and will be changed only when authorized by the authority who initially issued the subdivision.
 - Congressional restrictions contained in appropriation acts will be enforced.
 - Other restrictions which your agency may want with respect to administrative subdivisions. Use this Circular as a guide. However, you may establish more stringent requirements for the allotment of anticipated budgetary resources.
- Allotment procedures:
 - Make allotments and suballotments using formal documents.
 - Identify the officers authorized to issue allotments and suballotments as well as the officers and employees authorized to reduce them.
 - At a minimum, document the following:
 - A. Amount available.
 - B. Funding source (for example, appropriations, reimbursements).
 - C. Time period of availability.
 - D. The position title of the official responsible and other agency limitations.

- E. Justification for changes in allotments. (In some cases, changes in allotments will create the need for a reapportionment, which requires OMB approval.)
- **12.** Treatment of anticipated budgetary resources already enacted into law. Your agency's funds control regulations should state that apportionments may include estimated amounts of "anticipated" budgetary resources that are the result of *laws already enacted*. This is done to reduce routine reapportionments of such amounts as they actually become available. These are presented on the apportionment and SF 133 on the following lines:
 - Anticipated increases (+) in budget authority (including anticipated transfers of new budget authority) into the account and anticipated decreases in budget authority (-) from the account; lines 1151, 1530, 1741, 1251, 1630, or 1841
 - Anticipated transfers of unobligated balances into the account (+) and out of the account (-); line 1040
 - Anticipated collections, reimbursements, and other income (+); lines 1740 or 1840
 - Anticipated expenditure transfers from into the account (+); lines 1740 or 1840
 - Anticipated recoveries of prior year unpaid obligations (+); line 1041 and
 - Anticipated permanent reductions (–); lines 1042, 1152, 1330, 1531, 1742 or 1252, 1430, 1631, or 1842

You may choose <u>not to allot</u> amounts *anticipated to increase* (+) the total budgetary resources, even though the amount has been apportioned, <u>until the increase actually occurs</u>.

Alternatively, you may choose to allot amounts *anticipated to increase* the total budgetary resources <u>before</u> the increase actually occurs. If you choose this alternative, then the funds control regulations must require that all officials or employees who receive allotments of anticipated increases in budgetary resources should maintain constant and careful oversight to ensure that these amounts materialize before they incur obligations or expenditures against this type of allotment. The regulations must also require that if actual amounts are less than anticipated, the agency will make appropriate funding adjustments and take other appropriate actions including requesting a reapportionment.

The *anticipated decreases* (–) under current law do <u>not</u> become a part of the amount of total budgetary resources available to be apportioned. Since the OMB apportionment will not include these amounts, these amounts must not be allotted.

- **13. Deficiency apportionments.** At a minimum, the regulations should state:
 - Apportionments that anticipate the need for a deficiency appropriation or a supplemental under <u>31 U.S.C. 1515</u> will be specifically identified on the apportionment request.
 - To qualify as a deficiency apportionment, the request must be required by:
 - Laws enacted subsequent to the transmittal of the annual Budget for the year to the Congress;
 - Emergencies involving human life, the protection of property, or the immediate welfare of individuals; or
 - Specific authorization by law.

When OMB approves a deficiency apportionment and transmits it to the Congress, OMB is merely
notifying the Congress that funds appropriated to date are being obligated at a more rapid rate than
previously anticipated. This notification does not guarantee that the Congress will approve any part
of any associated supplemental requests and does not authorize the use of any amounts not yet
provided by the Congress.

APPENDIX J—PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. A Glossary describes key terms. OMB has also published the <u>Capital Programming Guide</u>, a supplement to this Circular. The *Guide* is a basic reference on principles and techniques for planning, budgeting, acquisition, and management of capital assets. Agencies should consult the *Guide* when preparing their capital plans and developing their budget requests from their capital plans.

The principles are organized in the following four sections:

- A. Planning. This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.
- B. Costs and Benefits. This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system.
- C. **Principles of Financing.** This section stresses that useful segments are to be fully funded with regular appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.
- D. Risk Management. This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government. In addition, cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system; and if progress toward these goals is not met, there is a formal review process to evaluate whether the acquisition should continue or be terminated.

As defined here, capital assets are generally land, structures, equipment, and intellectual property (including software) that are used by the Federal Government, including weapon systems. Not included are grants to States or others for their acquisition of capital assets. A complete definition is provided in Appendix 1 of the <u>Capital Programming Guide</u>.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

1. Support core/priority mission functions that need to be performed by the Federal Government;

- 2. Be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;
- 3. Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;
- 4. Demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act (GPRA) Modernization Act of 2010; reduced cost; increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the investment's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
- 5. Information technology investments ensure that security is incorporated and funded in the life-cycle planning of the system. OMB Memorandum M-00-07: "Incorporating and Funding Security in Information Systems Investments" (February 28, 2000) provides additional detail;
- 6. Reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall investment; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for investment progress; and securing substantial involvement and buy-in throughout the investment from the program officials who will use the system;
- 7. Be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and
- 8. Employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology.

Prototypes require the same justification as other capital assets.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those investments will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

OMB recognizes that many agencies are in the middle of ongoing investments, and they may not be able immediately to satisfy the criteria. For those investments that do not satisfy the criteria, OMB will consider requests to use current year and budget year funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the investment. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the investment, to provide the basis for fully funding the investment to completion, and setting the baseline for management accountability to deliver the investment within goals.

Because OMB considers this information essential to agencies' long-term success, OMB will use this information both in preparing the Administration's budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB

representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and benefits

The justification of the investment should evaluate and discuss the extent to which the investment meets the above criteria and should also include:

- An analysis of the investment's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A-94: Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs (October 1992);
- An analysis of the risk of the investment including how risks will be isolated, minimized, monitored, and controlled, and for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed cost goals;
- If after the planning phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified, that it is programmatically useful if no further investments are funded, and in this application its benefits exceed its costs; and
- Cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) that can be measured throughout the acquisition process using a performance-based management system (e.g., earned value management).

C. Principles of financing

Principle 1: Full funding

Budget authority sufficient to complete a useful segment of a capital project (or investment) (or the entire capital project, if it is not divisible into useful segments) must be appropriated before any obligations for the useful segment (or project or investment) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project (or investment), and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects (or investments) or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major investments, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular appropriations

Regular appropriations for the full funding of a capital project (or investment) or a useful segment of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, see Principle 4 below.

Explanation: Principle 1 (Full funding) is met as long as appropriations provide budget authority sufficient to complete the capital project or useful segment or investment. Full funding in the budget year with regular

appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project (investment) over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

Principle 3: Separate funding of planning segments

As a general rule, planning segments of a capital project (or investment) should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project (investment), develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the investment itself. The process of gathering information for a capital project (investment) may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement.

If budget authority for planning segments and procurement of the useful asset are enacted together, OMB may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of lumpiness or "spikes" and separate capital acquisition accounts

To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- Reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- Help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than
 operating expenses; and with a capital acquisition account, it can be seen that an increase in
 operating expenses is not being hidden and attributed to one-time asset purchases;
- Reduce the pressure for capital spikes to crowd out operating expenses; and
- Improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project (investment), a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The investment cost, schedule, and performance goals established through the planning phase of the investment are the basis for approval to procure the asset and the basis for assessing risk. During the procurement phase, performance-based management systems (earned value or similar system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the investment and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the investment, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

- Having budgetary resources appropriated in separate capital asset acquisition accounts;
- Apportioning budget authority for a useful segment;
- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;
- Selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;
- Monitoring cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) using a performance-based management system (e.g., earned value management system); and
- If progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, instituting senior management review of the investment through portfolio analysis to determine the continued viability of the investment with modifications, or the termination of the investment, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

Glossary

Appropriations, regular annual or advance, provide budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations are:

- Enacted normally in the current year;
- Scored entirely in the budget year; and
- Available for obligation in the budget year and subsequent years if specified in the language (see "Availability," below).

Advance appropriations may be accompanied by regular annual appropriations to provide funds available for obligation in the budget year as well as subsequent years. Advance appropriations are:

- Enacted normally in the current year;
- Scored after the budget year (e.g., in each of one, two, or more later years, depending on the language); and
- Available for obligation in the year scored and subsequent years if specified in the language (see "Availability," below).

Availability refers to the period during which appropriations may be legally obligated. Appropriations made in appropriations acts are available for obligation only in the budget year, unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

APPENDIX K—SELECTED OMB GUIDANCE AND OTHER REFERENCES REGARDING CAPITAL ASSETS

EXECUTIVE ORDERS

Executive Order No. 12893, "Principles for Federal Infrastructure Investments," provides principles for the systematic economic analysis of infrastructure investments and their management. OMB Bulletin No. 94–16, Guidance on Executive Order No. 12893, "Principles for Federal Infrastructure Investments" (March 7, 1994), provides guidance for implementing this Order and appends the Order itself.

OMB CIRCULARS AND MEMORANDA

OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget:

<u>Part 2</u>: Preparation and Submission of Budget Estimates

- Section 31.5, Full funding, requires that the agency request include full funding for procurement and construction. Additional information is included in the instructions for submitting a Business Case for Non-IT Capital Acquisitions. A link to the instructions can be found in Section 25.5 Table 1.
- Section 31.15, Systems acquisitions, states that agencies should develop their estimates of major systems acquisitions, including information technology systems, consistent with guidance in the Capital Programming Guide, the requirements of Title V of the Federal Acquisition Streamlining Act of 1994 (FASA), and the Clinger-Cohen Act of 1996.
- Section <u>51.19</u>, Budgeting for capital assets, requires agencies to submit data on information technology (IT) investments and non-IT capital assets. Links to the instructions for the planning, budgeting, acquisition, and management of capital assets can be found in Section <u>25.5</u> Table 1. Links are included there regarding two required submissions regarding IT investments, a summary of IT investment spending, and justifications for major IT investments.
- Section <u>52</u>, Information on financial management, requires agencies to submit data on financial management plans, systems and resources.
- Section <u>84</u>, Character classification, requires information on different kinds of investment and grants to state and local governments.

Capital Programming Guide. The Guide is a policy Supplement to this Circular.

OMB Circular No. A–94, Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs (October 1992), publishes periodic revisions of the discount rate that are used to produce benefit-cost, cost-effectiveness, and lease-purchase analyses in evaluating Federal activities including capital asset acquisition. The circular includes guidelines on how to use the discount rate in calculating present value of future benefits and costs; measuring benefits and costs; and treating uncertainty and other issues. This guidance must be followed in all analyses you submit to OMB in support of legislative and budget programs.

OMB Circular No. A–127, Financial Management Systems (revised January 9, 2009), prescribes policies and standards for you to follow in developing, operating, evaluating, and reporting on core financial systems.

OMB Circular No. A-130, Management of Federal Information Resources (revised November 20, 2000), provides principles for internal management and planning practices of information systems and technology.

OMB Memorandum M-00-10, OMB Procedures and Guidance on Implementing the Government Paperwork Elimination Act (April 25, 2000). This memorandum provides guidance implementing on the Government Paperwork Elimination Act (GPEA), which requires agencies, by October 21, 2003, to provide for the (1) option of electronic maintenance, submission, or disclosure of information, when practicable as a substitute for paper; and (2) use and acceptance of electronic signatures, when practicable.

OMB Memorandum M-00-13, Privacy Policies and Data Collection on Federal Websites (June 22, 2000). This memorandum reminds agencies that they are required by law and policy to establish clear privacy policies for its web activities and to comply with those policies.

OMB Contracting Guidance to Support Modular Development, The guidance presents a variety of factors that contracting officers, in support of IT managers, will need to consider as they plan for modular development efforts, such as whether to award to a single vendor or multiple vendors; how to ensure that there is appropriate competition at various stages in the process; how broad or specific the statements of work should be; when to use fixed-price contracts or rely on other pricing arrangements; and how to promote opportunities for small business.

PUBLICATIONS

American National Standard Institute, *Earned Value Management Systems*, ANSI/EIA–748–1998, (approved May 19, 1998). Electronic Industries Alliance. Arlington, VA 22201.

U.S. General Accounting Office, Assessing Risks and Returns: A Guide for Evaluating Federal Agencies' IT Investment Decision-Making, *GAO/AIMD*–10.1.13 (February 1997).

Congressional Budget Office paper on Capital Budgeting, (May 2008).

President's Commission to Study Capital Budgeting, <u>Report of the President's Commission to Study</u> <u>Capital Budgeting</u>. (February 1999).

GAO Cost Estimating and Assessment Guide GAO-09-3SP (March 2009).

GAO Schedule Assessment Guide GAO-16-89G (December 2015).

CAPITAL PROGRAMMING GUIDE



V 3.0

SUPPLEMENT TO

OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-11:

PLANNING, BUDGETING, AND ACQUISITION OF CAPITAL ASSETS

LIST OF ABBREVIATIONS

ACP Agency Capital Plan Commercial Items CI **COTS** Commercial-off-the-shelf

ESPC Energy Savings Performance Contract

EVM Earned Value Management Federal Acquisition Regulation FAR

Federal Acquisition Reform Act (Clinger-Cohen Act) of 1996¹ (Division D of FARA

Pub. L. No. 104-106)

Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355) **FASA**

Federal Real Property Council **FRPC** Government Accountability Office GAO

GPRA Modernization Act of 2010 (Pub. L. No. 111-352) **GPRA**

IPT **Integrated Project Team**

Information Technology Management Reform Act (Clinger-Cohen Act) of 1996 **ITMRA**

Division E of Pub. L. No. 104–106)

NDI Non-Developmental Item Operations and Maintenance O&M Office of Management and Budget **OMB**

Office of Federal Procurement Policy, Office of Management and Budget **OFPP**

PIR Post-implementation Review

Resource Management Office, Office of Management and Budget **RMO**

Statement of Federal Financial Accounting Concepts **SFFAC SFFAS** Statement of Federal Financial Accounting Standards

SIS Share-in Savings

Source Selection Authority SSA Source Selection Team **SST**

Utility Energy Savings Contract UESC

¹ Together, the Information Technology Management Reform Act of 1996 (Division E of Pub. L. No. 104– 106), with FARA (Division D of Pub. L. No. 104–106) are known as the Clinger-Cohen Act of 1996.

KEY INTERNET ADDRESSES

The Capital Programming Guide:

http://www.whitehouse.gov/sites/default/files/omb/assets/a11 current year/capital programming guide.pdf

The Federal Acquisition Reform Act and the FAR Implementation of the Federal Acquisition Streamlining Act can be found at the reference library for Acquisition Reform (ARNET) at: https://www.acquisition.gov/.

GAO—Assessing Risk and Returns: A Guide for Evaluating Federal Agencies IT Investment Decision Making, February 1997 can be found at: http://www.gao.gov/archive/1998/ai98110.pdf

OMB Circulars can be found on the OMB Homepage at: http://www.whitehouse.gov/omb/circulars default/

Chief Financial Officers Council guidance documents can be found at: https://cfo.gov/

Federal Real Property Council guidance documents can be found on the OMB Asset Management website at: http://www.whitehouse.gov/omb/financial/fia asset.html

The Government Accountability Office's (GAO) Information Technology Investment Management (ITIM) Stages of Maturity, as described in GAO's May 2000 Version 1 of the ITIM can be found at http://www.gao.gov/.

Clinger-Cohen Act, February 10, 1996 Issued By: Congress—Posted: February 10, 1996 http://www.gpo.gov/fdsys/pkg/PLAW-104publ106/pdf/PLAW-104publ106.pdf

Responsibilities and Information and Technology Governance at Leading Private Sector Companies Issued By: GAO—Posted: September 9, 2005 http://www.gao.gov/assets/250/247718.pdf

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INTRODUCTION

The Guide's Purpose

The Capital Programming Guide was originally released in 1997 and this release, Version 3.0, is part of a continuing effort to more routinely update the Guide to remain consistent with new requirements and leading practices. This version reflects developments in capital planning since the publication of the original guide and provides updated base practices and lessons learned regarding more efficient project and acquisition management of capital assets. This guide does not establish new or alter existing policies articulated elsewhere (e.g. in OMB Circular A–11, Preparation, Submission and Execution of the Budget, or other OMB circulars). It does, however, expand the explanation of the concepts in the original guide that were not fully developed. An inter-agency Capital Programming Guide Working Group, consisting of various agency representatives, was convened to author updates and identify examples for the revision. Their invaluable additions, editing, and hard work are commended.

Agencies must have a disciplined capital programming process that addresses project prioritization between new assets and maintenance of existing assets, risk management and cost estimating to improve the accuracy of cost, schedule and performance provided to management, and the other difficult challenges proposed by asset management and acquisition. The purpose of the Capital Programming Guide, herein referred to as the Guide, is to provide professionals in the Federal Government guidance for a disciplined capital programming process, as well as techniques for planning and budgeting, acquisition, and management and disposition of capital assets. At the same time, agencies are provided flexibility in how they implement the key principles and concepts discussed. We expect the Guide to be revised as agencies continue to gain experience and develop improved best practices.

The Guide is intended to assist Federal Departments, Agencies and Administrations (herein collectively referred to as agencies) effectively plan, procure and use these assets to achieve the maximum return on investment. The guidance integrates the various Administration and statutory asset management initiatives (including the Government Performance and Results Act (GPRA) Modernization Act (Pub. L. No. 111-352), Divisions D and E of Pub. L. No. 104–106 (the Federal Acquisition Reform Act and the Information Technology Management Reform Act of 1996, as amended, popularly known as the Clinger-Cohen Act), the Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355), and others) into a single, integrated capital programming process to ensure that capital assets successfully contribute to the achievement of agency strategic goals and objectives.

Agencies should use this Guide to help establish a capital programming process within each component and across the organization. Effective capital programming uses long range planning and a disciplined, integrated budget process as the basis for managing a portfolio of capital assets to achieve performance goals with the lowest life-cycle costs and least risk. This process should provide agency management with accurate information on acquisition and life-cycle costs, schedules, and performance of current and proposed capital assets. The Federal Acquisition Streamlining Act of 1994 (Pub. L. No. 103–355) (FASA) requires that agency heads manage the agency portfolio of major acquisitions within 90 percent of the individual investment's cost, schedule and performance goals. Project managers when developing the cost, schedule, and performance goals on developmental projects with significant risk must, therefore, provide the agency Executive Review Committee (ERC) with risk-adjusted and most likely cost, schedule, and performance goals. Without the knowledge of the risks involved managers at all levels—agency, Office of Management and Budget (OMB) and the Congress—cannot make the best decisions for the allocation of resources among the competing investments.

Managing the stock of Federal capital assets and planning, budgeting, and acquiring assets is hard work, but it takes time and adequately trained personnel to do it successfully. Large sums of taxpayer funds are involved and the performance of the assets determines, to a large extent, how well the agencies are able to achieve their missions and provide service to the public.

Agencies have flexibility in how they implement the key principles and concepts of the Guide. They are expected to comply with existing statutes and guidance (cited in the text where appropriate) for planning and funding new assets; achieving cost, schedule, and performance goals; and managing the operation of assets to achieve the asset's performance and life-cycle cost goals. However, the key principles and importance of thorough planning, risk management, full funding, portfolio analysis, performance-based acquisition management, accountability for achieving the established goals, and cost-effective lifecycle management will not change. In general, OMB will only consider recommending for funding in the President's Budget priority capital asset investments that comply with good capital programming principles. This Guide does not discuss the entire strategic planning process, only that portion that pertains to the contribution of capital assets.

At each stage in the preparation of the Agency Capital Plan, the agency is encouraged to work with OMB's Resource Management Offices (RMOs). Early inclusion of RMO staff with the Integrated Project Teams, to be discussed further in section I.2.1, will facilitate a continuing review and dialogue regarding the agency's plan in order to avoid unexpected events. This is key in integrating the Planning and Budgeting Phases. The process of submission should be consistent with the annual guidance contained in the OMB Circular A–11, as well as with other current OMB guidance.

Definition of Capital Asset

Capital assets are land (including parklands), structures, equipment (including motor and aircraft fleets), and intellectual property (including software) which are used by the Federal Government and have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption, such as operating materials and supplies. The cost of a capital asset is its full life-cycle cost, including all direct and indirect costs for planning, procurement (purchase price and all other costs incurred to bring it to a form and location suitable for its intended use), operations and maintenance (including service contracts), and disposal. Capital assets may or may not be capitalized (i.e., recorded on an entity's balance sheet) under Federal accounting standards. Appendix 1 defines capital assets more fully.

Threshold for Capital Programming

As defined in Circular A–11, Part 7, major acquisitions are capital assets that require special management attention because of their importance to the agency mission; high development, operating, or maintenance costs; high risk; high return; or their significant role in the administration of agency programs, finances, property, or other resources. Major acquisitions should be separately identified in the agency's budget. For small dollar investments relative to the agency's budget, the agency may wish to develop a less detailed programming process based on the basic tenets presented in this Guide. A stratified capital programming process involving more or less detail and review based on the size or strategic importance of proposed investments may be appropriate, particularly in large agencies. Agencies should have well documented thresholds clearly disseminated and implemented across the organization.

Capital Asset Management Infrastructure

A formal capital asset management infrastructure is a best practice used throughout industry and by many Government agencies to establish clear lines of authority, responsibility, and accountability for the management of capital assets. An ERC, acting for or with the agency head, should be responsible for reviewing the agency's entire capital asset portfolio on a periodic basis and making decisions on the proper composition of agency assets needed to achieve strategic goals and objectives within the budget limits. This committee should be composed of the senior operations executives and the chief information, financial, budget, and procurement officers.

In addition to review by the ERC, each project requires an Integrated Project Team(s) (IPT) composed of a qualified program manager and necessary personnel from the user community, budget, accounting, procurement, value management, and other functions to be formed, as appropriate, to:

- (1) establish a baseline inventory of existing capital assets;
- (2) analyze and recommend alternative solutions;
- (3) manage the acquisition if approved; and
- (4) manage the asset once in use.

A sound financial management system is another key ingredient for sound decision making.

Agencies may choose to plan for capital assets agency-wide or by bureau or functional area. Many agencies have started to redesign their planning approach for information technology (IT) capital assets by establishing an IT capital asset infrastructure in accordance with the requirements of the Clinger-Cohen Act, Sec. 5122, Capital Planning and Investment Control.

In addition, Executive Order 13327 of February 4, 2004, Federal Real Property Asset Management, establishes the Federal Real Property Management Council (FRPC) that tasks Federal Real Property Officers with improving real property asset management within their agencies.

When one asset contributes to multiple programs, the linkage to each program should be described. In turn, the annual performance plan should include the performance goals for the procurement of the asset, as well as the program's performance, once the asset is operational. Separate documents are not required.

Organization of the Guide

This Guide is organized to reflect the three phases of the capital programming process:

- Planning and Budgeting, Acquisition, and Management-In-Use. Each phase is composed of a number of steps.
- Integration with guidance or source materials relevant to a particular phase and step, as well as a description of reporting requirements or formats, is also described.
- A Glossary and a list of Selected Capital Programming References are also included.

I. PLANNING AND BUDGETING PHASE

Introduction

The Government Performance and Results Act (GPRA) initiated program performance reform for greater service delivery and program effectiveness by encouraging greater accountability throughout the Federal Government, and was recently updated under the GPRA Modernization Act of 2010. It encourages collaboration between OMB and agencies to develop outcome oriented, program specific performance measures. Administrators must ask: Were program goals achieved within budgeted costs and established schedules? Does the program have baselines and ambitious targets for its annual measures?

This Guide stresses the importance of all phases in the capital asset life-cycle. By linking planning and budgeting to procurement to the management of capital assets, the resulting all-encompassing roadmap encourages agencies to develop an Agency Capital Plan that provides for the long-range planning of the capital asset portfolio in order to meet the goals and objectives in the strategic and annual plan.

In its 2004 report GAO-04-138, "Agency Implementation of Capital Planning Principles is Mixed," the Government Accountability Office evaluated the implementation of the Capital Planning Guide in several agencies across the Government. It recognized that the planning phase drives the remaining phases in the capital asset's life-cycle. It found that agencies generally link their capital planning to mission driven goals. It recommends that agencies complete a long-term capital plan to further guide them toward comprehensive investment goals.

The Annual Performance Plans. which describe agency's an incremental progress toward achieving its strategic goals and objectives, should also clearly demonstrate how capital assets will contribute to this progress. program or project acquisition lifecycle starts with concept analysis, through technology progressing definition, requirements planning, acquisition, and finally through and operations maintenance.

Although terminology may differ, government and industry use similar processes. These processes typically include decision points in which executive boards review and approve a program's entry to the next phase or stage, based on satisfactory completion of exit criteria from the prior phase or stage.

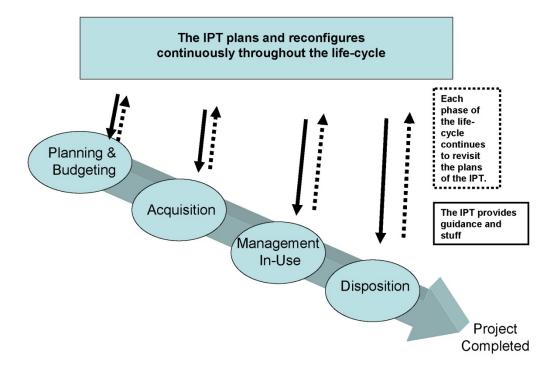


Figure 1. The Capital Planning Lifecycle

I.1) STRATEGIC AND PROGRAM PERFORMANCE LINKAGE

I.1.1) Strategic Planning

Capital programming, as guided by the GPRA Modernization Act of 2010, is an integral part of an agency's strategic planning process.

An effective strategic plan should anticipate changes in the agency's requirement for technological capabilities, identify major assets that are critical to implement the plan, and define the outcomes these assets will help realize. The plan should also be consistent with the level of future budgetary resources that will be available. See OMB Circular A–11, Part 6, Preparation and Submission of Strategic Plans, for detailed guidance on the requirements for strategic plans.

I.2) Enterprise Architecture (EA)

A complete Enterprise Architecture consists of a set of interrelated "reference models" designed to facilitate cross-agency analysis and identification of duplicate investments, gaps, and opportunities for collaboration within and across agencies. Collectively, the reference models comprise a framework for describing important elements of an EA in a common and consistent way. Through the use of this common framework and vocabulary, agencies can improve the way they manage IT or other portfolios.

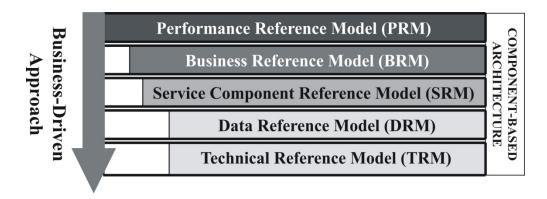


Figure 2. Component-Based Architecture

As agencies continue to utilize EA to model performance, business processes and services, decision makers must create clear line-of-sight relationships between investments in capital assets and specific components in the EA. For example, the business case for a capital asset must document the specific performance measures that are affected by the investment and how those measures are affected. The same clarity should exist for business processes, services delivered and data managed by a capital asset.

I.2.1) Integrated Project Team

Several acquisition disciplines are essential to planning and managing an acquisition through its life-cycle. The Integrated Project Team (IPT) is established to analyze the performance and capability of the portfolio of assets used by the program. The IPT will vary in size and acquisition disciplines depending on the phase of the program, but must always contain a qualified program manager and contracting officer. At initiation of a major acquisition, the team should consist of the individuals with skills in the following areas: Project Management (PM), Federal Contracting, Cost Estimating, Risk Management, Sustainability, Scheduling, Users, Budget, Technical Experts, Information Resource Management, Value Management, and Earned Value Management (EVM). Staff with other appropriate skill sets should also participate in the IPT. Agencies should strongly consider co-locating the IPT, especially the PM and contracting professional who must work closely throughout the project to ensure that the requirements are clearly articulated into a statement of work and that adequate oversight of the contracted work is accomplished. The members of the IPT are the key functional team leaders under the leadership provided by a program manager. The key to success is organization, planning, estimating and budgeting resources, and executing the plan. The IPT must also develop sound cost estimates based on the "Principles of Government Cost Estimating" in Appendix 8 and the GAO Cost-Estimating Guide.



Figure 3. Integrated Project Team

The program manager should be given a charter, whether the work is to be performed by contract or by inhouse resources, defining the scope of authority, responsibility, and accountability for providing quality analysis to support senior management decision-making during all phases of capital programming. Such leadership by program offices is intended to ensure that capital assets will be designed and operated to improve the performance of the program staff who use them—a seemingly self-evident goal, but one many businesses and Government agencies have failed to reach. For example, information systems often are developed by technology or finance specialists alone, without the benefit of an agency-wide review of the system's requirements and capabilities. Appendix 2 discusses IPTs in more detail.

Earned Value Management (EVM) and risk management are management tools used successfully in both the public and private sectors to mitigate risks in developing capital assets. Agencies must develop a level of expertise with both tools that is appropriate to the size and nature of their capital asset portfolio. This expertise may take the form of a full scale EVM and risk program management office, a center of excellence, or a capability held by one or two focal points within the agency.

IPTs must devote the planning time needed to create an adequate Work Breakdown Structure (WBS) at program initiation and keep it current throughout the program execution. Program management use of EVM depends on a well-developed WBS to ensure that a program is completely defined. Program experts, in collaboration with experts in the areas of Cost-Estimating, Procurement, Risk Management, Scheduling, and EVM, need to develop a WBS as a common framework within a given program, but also among related programs and across an organization's portfolio.

Even if the preferred solution has not yet been determined, planning for a program WBS must begin promptly upon program initiation during the earliest stage of the Planning Phase. Organizations that manage similar programs often use a standard WBS template to assist in program definition. The WBS when complete is an integrated family tree that defines all the products and services comprising the program. While some WBS elements are unique to each program, many are common, such as training, data, and program management. The program WBS established during concept definition will provide the framework for estimating the program's cost and risk during the pre-systems acquisition planning and for developing the program schedule. The cost estimate and program WBS provide the basis for suppliers to

extend the Contract WBS to achieve integrated cost, schedule, and technical performance management using EVM during systems acquisitions.

I.3) FUNCTIONAL REQUIREMENTS

If current assets cannot bridge the gap between planned and actual performance, the IPT should define the gap in terms of performance requirements to be achieved. Depending on the depth of the analysis of program requirements during the first round of strategic planning, the IPT may wish to define more detailed requirements against which they can evaluate options for reducing the performance gap.

Functional requirements should not be defined in equipment or software terms, but in terms of the mission, purpose, capability, agency components involved, schedule and cost objectives, and operating constraints. Mission needs are independent of a particular capital asset or technological solution. A needs-based approach allows the agency the flexibility to evaluate a variety of solutions with an open mind. The key is not to limit potential solutions by too narrowly defining requirements.

When developing functional requirements, the capabilities of other assets or processes with which the function must interact are a major consideration. Functional requirements should include the following elements:

- The performance criteria of the function being acquired, developed, built, etc.;
- A definition of the common usages of the function;
- The ranking of each requirement in order of importance; and
- A decomposition of functional requirements into self-contained features (e.g., climate control for housing prisoners might have unique requirements that should be identified).

Internal agency users and external customers (e.g., airlines for air traffic control systems, veterans for new benefits processing systems) should participate in the requirements definition process. It is important to balance the internal user and operator needs with the requirements of the external customers. Other agencies that may have acquired assets to accomplish similar goals or objectives should be identified. Where feasible, large, complex acquisitions that are very difficult to manage should not be pursued on an individual agency basis. Instead, management should look for cross-agency or Government-wide economies to avoid duplication of effort. As part of the requirements definition process, agencies must look at Government-wide programs and systems to see if they will meet most or all agency requirements. To the degree a program or system does not meet agency requirements, agencies should consult with the program management office of the program or system involved to see if and how any unmet needs can be met. Agencies should also consult with any Government-wide Line of Business initiatives that may apply to their area of effort to coordinate planning with the Line of Business involved.

One acute danger during this phase is "specification creep," where requirements grow uncontrolled to meet future potential needs or to incorporate emerging technology that would be "nice" to have. Emphasis should be placed on core requirements needed to meet the mission needs. Once a solution meets the core requirements, additional functionality can be added in a later stage of the project, if cost-beneficial. These functional requirements should be documented in the strategic plan. Modular or spiral development acquisition should be pursued where possible to prevent "specification creep." Projects that are purchased in modules, where the scope is limited to what the market can provide quickly, rather than requiring significant new development efforts with uncertain cost, or delivery goals, can freeze the scope to provide an initial capability that improves the function, with subsequent modules providing for increased capability when the market is ready and scope, cost, and schedule can be more clearly defined.

I.4) ALTERNATIVES TO CAPITAL ASSETS

I.4.1) Answering the Three Critical Questions

With detailed requirements defined, management should answer the Three Critical Questions before planning to acquire capital assets. These questions are applicable to all major capital investments.

- 1. Does the investment in a major capital asset support core/priority mission functions that need to be performed by the Federal Government?
 - If not, end consideration of the investment and eliminate or privatize the function.
 - If so, is there a clear explanation of how the investment supports core/priority mission functions? Are performance measures provided that are included in the agency Strategic Plan, including baseline data and the expected improvement? Is there an explanation of how the investment will contribute towards meeting a goal?
 - Are the functions inherently governmental functions? IPTs can consult the Office of Federal Procurement Policy letter addressing the performance and management of inherently governmental and critical functions at the following link: http://www.whitehouse.gov/omb/procurement index work performance/. IPTs can also consult Subpart 7.5 of the Federal Acquisition Regulation and attachment A of OMB Circular A-76, Performance of Commercial Activities (May 29, 2003, as amended) to assist in deciding if a government activity is an inherently governmental function.
- 2. Does the investment need to be undertaken by the requesting agency because no alternative private sector or governmental source can better support the function?
 - If not, consider devolving the function to State or local governments; sharing resources within the agency, with another Federal agency, a university, or a not-for-profit organization; or outsourcing to the private sector. For example, medical care can be provided through payments for care in non-profit or private hospitals, rather than directly by Federal agency hospitals.
 - OMB Circular A–76 helps agencies decide through the use of public-private competition whether taxpayers are better served though the continued in-house performance of highly commercial activities (such as software development) or alternatively, by the best qualified contractor.
- 3. Does the investment support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology?
 - If not, management should reengineer business processes first, then search for alternatives, or the agency may issue a very broad statement of the requirements in a solicitation to the private sector and allow the private sector to do the reengineering in proposed solutions.
 - Management should also improve internal processes by cutting red tape, empowering employees, revising or pooling existing assets within the agency or with other agencies, redeploying resources, or offering training opportunities.
 - GAO's <u>Business Process Reengineering Assessment Guide</u>, <u>Version 3</u> (April 1997), outlines the issues and attributes on which agencies should focus when assessing and reengineering their current processes.

Analyzing Agency Programs and Investments

Consider the kind of capital assets needed and how they will be acquired.

Ask Yourself	If the answer is "No" then	
Is the function of the program central to the agency's mission?	 Send to other Federal agency Direct to the private sector Send to State or local government Terminate function 	
Can this agency accomplish this function better than the private sector or other Federal agency?	 Partner with State or local governments Cross-service with other Federal agencies Contract out to private sector 	
Have work processes been reengineered to reduce costs to improve effectiveness?	 Introduce competition Find efficiencies Empower employees and put customers first 	

Figure 4. Decision Tree for Analyzing Agency Programs and Investments

If the answer to all Three Critical Questions is yes, management should still consider options other than new acquisitions to reduce the performance gap, such as:

- Meeting objectives through regulation or user fees;
- Using human capital rather than capital assets; and
- Applying grants or other means beyond direct service provision supported by capital assets.

I.4.2) Frequent Use of Benefit-Cost or Cost Effectiveness Analysis

At many key decision points in the capital programming process, a benefit-cost or cost-effectiveness analysis could be used by senior management to help decide whether the best way to reduce the performance gap is through acquiring a new capital asset, undertaking a major modification on an existing asset, or by some other method. This analysis should follow the guidance of OMB Circular A–94, "Guidelines and Discount Rates for Benefit-Cost Analysis of Federal Programs" (October 29, 1992). Guidelines for pursuing alternatives other than a capital asset are not contained in the remainder of this Guide. However, if the alternative chosen is a service contract, many of the analytical techniques and processes suggested in the Guide would be appropriate (see Appendix 8 on Cost-estimating).

I.5) CHOOSING THE BEST CAPITAL ASSET

Once the decision to acquire a capital asset is made, comparison of the various available asset options is needed to ensure the acquisition of the best product for the job. Agencies should not undertake planning before a project is funded merely for the sake of compliance. They should plan because it results in better use of scarce resources and improves implementation.

I.5.1) Evaluate Asset Options

With the decision to evaluate the feasibility of acquiring a capital asset, management should provide the IPT with an estimate of the range of budget resources that may be available for an asset. The IPT should conduct market research to determine the feasibility of various capital asset alternatives that are available in the market to satisfy the requirements. Emphasis should be placed on generating innovation and competition from private industry and on the use of commercial items and non-developmental items to meet the mission needs. The IPT should determine:

- Availability. Can the market provide capital assets that partially or fully meet program requirements? How much of the need can be fulfilled without the need for developing new technologies or incurring other significant risk?
- Affordability. Are the assets affordable within budget limits? If the full requirement is not affordable, can it be divided into separate modules that are affordable? New technology should be subject to Technical Readiness Level (TRL) and Degree of Difficulty (R&D3) reviews to help determine the risk and potential necessary reserves.
- Costs & Benefits. For those alternatives that are affordable within budget limits, which are the most cost-beneficial, and should be among the portfolio of proposed assets that the agency head, the President, and the Congress consider for funding? (Value management methodology can provide the "best value" alternatives to meet the functional requirements.)
- Sustainable Design Principles. How much have the sustainable design principles been incorporated into the requirements identified for the asset? Has sustainability been considered in all aspects of the asset's life-cycle?
- **Risk**. In addition to applying risk management to the development of a Risk-Adjusted Program Budget and Risk-Adjusted schedule, the agency must assess overall risk of an investment as it chooses the best capital assets to meet the agency's mission and strategic objectives. High risk should be accepted only if it can be justified by high expected returns, and only if a program failure can be absorbed by the agency without loss of service capability or significant effect on budget. Decision thresholds should be set for cost, schedule, and performance expectations of development projects beyond which the return on investment becomes so low that the project should be canceled. Agencies can apply a variety of risk mitigation techniques, including limiting scope, contract type selected, and aggressive program management.

The process of choosing the best capital asset starts with the development of a strategy to review the market and ends with the development of an acquisition plan that outlines the best approach to acquire the recommended asset. Plans for asset evaluation, operation and maintenance, and disposal should also be developed, with the execution costs included in the Feasibility Analysis. If funding for the proposed asset is approved at the end of the Budgeting Phase, these plans will be executed in the Acquisition and Management-In-Use Phases.

I.5.1.1) Asset Availability

A program manager supported by thorough market analysis is an educated consumer, and is more likely to complete a program successfully. Availability is assessed by market surveillance and market research, ultimately producing a list of investment alternatives, accompanied with data necessary to assess affordability, benefits, and costs.

Market surveillance is an on-going process, one that is not driven by a specific planned acquisition. The IPT technical staff should keep abreast of the latest capabilities and performance through trade journals, advertisements, sales brochures, etc. Market research The establishment and use of a structured vehicle allocation methodology (VAM) by Federal agencies ensures that the agency vehicle fleets are not over-costly and both correctly sized in terms of numbers and appropriate for accomplishing agency missions. A VAM provides managers with a standard way to document the objective criteria of a vehicle fleet for a specific entity within an agency and make informed decisions in fleet acquisition, management, and disposition.

is undertaken with respect to a specific planned acquisition; it is the proactive part of market analysis. In market research, the IPT seeks information through research of published information, talking to other agencies that have conducted similar market research, and/or going directly to the market for information.

I.5.1.2) Market Research Strategy

Once a clear agency need has been identified, the IPT should begin with a plan to conduct both market surveillance and market research to ensure that as many alternative solutions as possible are identified for consideration. The plan should define the use of

Agencies should encourage contractors to provide any solution they believe will meet the agency's needs. The key is to not restrict potential offers by specifying requirements too narrowly.

broad area announcements, requests for information, or requests for proposals to solicit information on alternative concepts from a broad base of qualified firms. When these documents are issued, contractors should be provided with mission performance criteria, life-cycle cost, and any other factors that the agency will use in the evaluation and selection of the solutions. Emphasis should be placed on solutions that are currently available (i.e., do not require significant development) with little risk in cost, schedule, performance, and technical obsolescence. This means commercial items (CI) or non-developmental items (NDI) where little or no development effort is required are preferred. However, contractors should be encouraged to provide any solution they believe will meet the agency's needs, including providing the capability contemplated through a service contract or lease. The key is to not restrict potential offers by specifying requirements too narrowly.

Agencies can, through market analysis, seek preliminary information on alternatives available in the commercial sector. If the information does not provide a clear indication that acceptable solutions are available, it may be necessary to award contracts to explore alternative design concepts. These contracts should be of relatively short duration and within defined dollar levels. When market capability is not sufficient to fulfill the agency's entire performance gap, the IPT should carefully weigh the extent of increased capability that can be obtained quickly within budget limits against the delay in capability improvement, risk of failure, and costs of a development effort to achieve the desired capability. In many cases, evolutionary changes in capability over time are the most cost-effective approach. Timely technical reviews should be made of the alternatives to ensure the orderly elimination of those that are least attractive.

There may be instances in which several alternatives offer essentially the same benefits and costs. In those instances, it may be necessary to conduct comparative demonstrations, where the different alternatives are actually tested in the operational environment for a period of time, to determine the best product.

The IPT should engage potential suppliers in an advisory process in which the Government provides a general description of the scope or purpose of the acquisition (such as a Request for Information, which could include a Statement of Objectives) and invites potential offerors to submit information that allows

the Government to advise the offerors about their potential to be viable competitors. By doing this, the Government enables potential vendors to more wisely use their internal resources, such as bid and proposal money or independent research and development funds, to come up with the best solutions for the Government's needs. This process also enables the Government to refine its acquisition strategy by identifying in advance the extent of competition that can be expected for the acquisition.

I.5.2) Develop a Program Baseline

The program's (investment's) risk-adjusted budget establishes the baseline for reporting to OMB on program performance. The Program Risk-Adjusted Budget (PRB) is formed after determining the Program Budget (PB) and the Performance Measurement Baseline (PMB). The appropriate agency official must ensure the PRB is justified based on risk, and that the agency will fund the program at that level.

The foundation of the Program Budget is the Work Breakdown Structure (WBS). Once the technical scope of work has been described through a WBS, the appropriate experts along with cost and schedule estimators can use this information to develop cost and schedule estimates. Budgets are assigned to each WBS element, and when time-phased, form the Performance Measurement Baseline. The Performance Measurement Baseline is the total Budget-at-Completion (BAC) assigned to summary planning accounts, control accounts and the undistributed budget.

Significant investments require a clearly understood process for ensuring that the program budget, expected outcomes, and cost/schedule performance measurements are integrated with risk management. Risk management begins with evaluating the WBS for cost, schedule and technical risk. Risks in each of these areas for each WBS element should be identified, analyzed, and quantified in terms of potential cost to the program. Risk identification involves analyzing program areas and critical technical elements to identify and document the associated risk. Assumptions and constraints also need to be identified and analyzed for cost impact. Risk analysis involves examining each risk issue to determine the probability of the risk occurring and the cost, schedule, and technical consequences if the risk occurs. The cost of the risk occurrence is added to the BAC and the result of this analysis is a risk-adjusted budget.

The program's milestone schedule should also be adjusted for risk. Measurable WBS elements significant to a project milestone should be analyzed for most optimistic, most pessimistic, and most likely durations. A risk-adjusted schedule will have finish dates that reflect the likelihood of a risk event occurring and its associated schedule impact. If schedule delays will affect cost, this information should be reflected in a risk-adjusted cost estimate.

I.5.2.1) Changes to the Baseline (Rebaselining)

In general, agencies and their contractors should establish a performance measurement baseline for an investment, to track progress against the baseline and report the cost variance and the schedule variance to senior management at least monthly. While legitimate reasons exist for changing a baseline, as a general rule, changes should be rare. When a change to a baseline is needed, agency governance should review, approve and document the change. A revised baseline should not be used in performance reports until agency governance approves the change. If a change to a baseline is approved, agencies should maintain a record of the original baseline and the rationale for the change.

I.5.2.2) Breach Margins (Variance Thresholds)

As part of monitoring progress, agencies are encouraged to establish cost and schedule variance thresholds that will require a formal explanation to the agency when breached. Corrective action should be taken whenever a breach occurs. The breach margins should be set so that when a threshold is crossed, management is informed while there is still time to take corrective action. Agencies have significant latitude when setting a threshold for an investment unless breach margins have been specified in statute,

regulation or Federal policy. As a general guide, a cost or schedule variance of plus or minus 10% or more should trigger formal reporting.

I.5.3) Select the Best Alternative: Benefit-Cost Analysis

Once the IPT determines that it has sufficient market information on alternative solutions, it should compare the initial acquisition cost and the other life-cycle cost elements of the various alternatives. It is critical that the cost estimates are realistic estimates of the final costs and are adjusted to consider risk. When seeking funds during the budget process, the credibility of the costs will be examined, and OMB and the Congress will hold agencies accountable for meeting the schedule and performance goals within the cost estimates. Alternative solutions that are not affordable within potential budget availability should be dropped from consideration, but documented for comparison purposes. The information needed to determine whether a proposed acquisition is affordable is based on a juxtaposition of three factors: availability of potential funding, agency mission objectives the investment will help achieve, and the impact that purchasing the new asset will have on funds available for other agency mission objectives.

The selection of the best alternative to compare with other agency projects should be based on a systematic analysis of expected benefits and costs. The fundamental method for formal economic analysis is benefit-cost analysis. OMB guidance on benefit-cost analysis can be found in OMB Circular A–94. Benefit-cost analysis includes the following steps:

Identify Assumptions and Constraints. Assumptions are explicit statements used to specify precisely the environment to which the benefit-cost analysis applies. Assumptions reduce complex situations to manageable proportions. Constraints are requirements or other factors that cannot be traded off to achieve a more cost-beneficial approach. Cost estimates involve many assumptions and these assumptions carry risk. Risk should be quantified so that the budget accurately reflects the cost of risk.

Identify and Quantify Benefits and Costs. Benefits and costs should be quantified in monetary terms wherever possible. All types of benefits and costs should be included, and should be discussed in a narrative. The level of detail should be commensurate with the size and criticality of the investment. The benefits should be linked to the program goals and needs identified in the previous Planning Sections. Benefits and costs should be estimated over the full life-cycle of each alternative considered. Life-cycle costs include all initial costs, plus the periodic or continuing costs of operation and maintenance (including staffing costs), and any costs of decommissioning or disposal. Estimates of costs and benefits should show explicitly the performance and budget changes that result from undertaking the project.

Evaluate Alternatives Using Net Present Value. Investment alternatives should be evaluated using the net present value criterion. Potential projects should be ranked according to the discounted value of their expected benefits, less the discounted value of expected costs. (Appropriate discounting techniques are described in OMB Circular A–94.) Qualitative evaluation considerations—such as explicit regulatory requirements, considerations of business strategy, or unquantifiable social benefits or costs—may override quantitative criteria in deciding on the final ranking of projects. The analysis may be supplemented by including other summary measures, like the internal rates of return on the alternative projects or return on assets. Effects on income distribution should be identified for projects that have such effects. Even when the monetary value of benefits or costs cannot be measured, physical quantification may be feasible and should be pursued. When the benefits of alternative investments are the same, cost-effectiveness analysis may be used to rank alternatives. An investment is most cost effective when it has the lowest discounted present value of life-cycle costs for a given stream of annual benefits. When benefits are different, the most cost-effective investment is the one that has the highest discounted net (of cost) benefit.

Perform Risk and Sensitivity Analysis. Benefit and cost estimates involve a degree of uncertainty. Estimates are based on assumptions, and those assumptions carry risk. Risk analysis

can be used to identify where uncertainties exist and subsequently quantified so that their cost can be factored into overall cost estimates. Benefits may not be realized as planned, and the risk of this occurring should be factored into cost-benefit analyses. Sensitivity analysis can identify the response of program costs and benefits to changes in one or more uncertain elements of the analysis. Sensitivity analysis should be used to test the response of the investment's net present value to changes in key assumptions.

I.5.4) Develop an Acquisition Strategy

The IPT should begin to tailor an acquisition strategy for the program as soon as the best alternative is selected. The acquisition strategy and analysis risks should be part of the information provided to the Executive Review Committee when seeking approval of the project.

I.5.5) Risk Management

Planning for risk management for the life-cycle is a critical component of program/investment management and begins at project conception. Risk analysis is an integral part of the planning process. An approach for managing risk on the investment should be established early in the Planning Phase. An effective Risk Management Plan addresses the following risk areas: schedule risk; cost risk; technical feasibility; risk of technical obsolescence; dependencies between a new project and other projects or systems; procurement and contract risk; and resources risks.

Risk Management is continual throughout the life cycle of an investment. Planning for risk and incorporating risk analysis into planning decisions is included in this section of the Guide. Managing risk in the Acquisition Phase and the Management-in-Use Phase is discussed in those sections of this Guide.

I.5.5.1) Earned Value Management

A critical component of risk management on major investments is the use of EVM. Implemented properly, an EVM system will measure progress against a baseline and provide an early warning of cost overruns and schedule delays. Most likely, a practical application of EVM will involve tailoring the principles to a project's unique circumstances. When an EVM system is required (see Federal Acquisition Regulation 34.2), the cost and schedule variances should be reported to senior management at least monthly. Appendix 3 provides an example of the calculations. Some project management software tools will perform the calculations with no additional effort.

EVM is not tied to any specific development methodology and does not prevent the use of other risk management techniques such as agile development. EVM and agile development are complementary and can be used on the same project. Agile development can be used to incrementally deliver functionality to the customer while EVM provides a standard method for measuring progress.

A related process used to mitigate risk is the Integrated Baseline Review (IBR) process. The IBR process provides program managers with a thorough understanding of the project plan and any risks associated with the Performance Measurement Baseline (PMB). Initial risks identified and their impact on program cost and schedule should be updated based on IBR findings. Risks identified in the IBR are documented, analyzed, and risk-handling plans are developed and are included in an overall program risk register. These risks are then monitored and acted upon as appropriate. By paying close attention to higher risk WBS elements, program managers are capable of prioritizing areas for management attention. Initial risks identified along with their impacts on program cost and schedule should be updated based on IBR findings and subsequently managed until they are retired. A close watch for new risk should also be maintained and these should be entered into the risk management process.

Use of an EVM system will assist in identifying and mitigating project risk. Additionally, projects with broad scope typically involve more risk than those that limit what they are trying to accomplish.

I.5.5.2) Planning for Contract Type

The agency should strive to use fixed price or fixed price incentive contracts to the maximum extent possible. The ability to use fixed price contracts results from the fact that the capability the agency is seeking is available in the market. The need to use cost type contracts usually means that the capability is not readily available in the market, requiring a risky development effort to be undertaken.

For long-duration contracts that include significant development, it may be impossible to estimate the cost of performing the entire contract with sufficient accuracy to use a fixed price or structured incentive contract from day one. As the contract progresses and the ability to estimate the cost of performance increases, the use of such contracts becomes more practical. Therefore, it may be desirable to initiate the work with a small, short-duration time and material or cost plus fixed fee contract for studies or early design, evolve to a cost plus award fee or cost plus incentive fee contract for later design and initial development, and then to a cost plus incentive fee, fixed price incentive, or fixed price contract for the initial and production units once all development work is complete. For such contracts, it also may be desirable to negotiate an estimated cost or price in increments. The initial estimated cost or price would be for the studies or early design. As work progresses, the estimated cost or price should be renegotiated upward at appropriate points in the contract as those costs become more predictable.

Agencies should make good use of contract type by matching the type of contract to how much is known about the requirement, and the likely accuracy of the agency's and the contractor's cost estimates. There are two basic sets of considerations:

1. How much is known about what it will actually take to do the contractor's part of the project?

A. Fixed Price: Does the agency know (and can a contractor reasonably be expected to discover) enough about what it will take for a contractor to do their part of the current phase(s) of the project so that the contractor could reasonably set a series of fixed (not hourly, but by task) prices to perform their part? If so, agencies should use fixed price contracting for the requirement. If the only element keeping an agency from being able to do this is moderately significant variations in the price of a key commodity used to make the item, then agencies can adjust for that using Fixed Price with Economic Price Adjustment. Agencies would then be able to adjust the price paid for an item in accordance with market fluctuations in the price of the key commodity. If agencies don't know enough about the requirement to reasonably expect a contractor to be able to price it this way, then they should explore Cost Reimbursement.

B. Cost Reimbursement (for example, Cost Plus Award Fee): Is the agency at the point where contractors can reasonably give the agency Rough Order of Magnitude (ROM) estimates to do what the agency asks? Is it likely that actual performance of the requirement will be within plus or minus approximately 50 percent of the ROM estimates? If the answer to both questions is yes, the agency should use cost reimbursement contracting to have the contractor meet the requirement. Agencies should use Integrated Baseline Reviews (preferably before contract award) to identify deficiencies in contractor proposals that would impede them from reasonably performing the proposed effort for the proposed price. The contractor would then include in their proposal the cost of correcting these deficiencies, and thus reflect the true "probable cost" of performing the contract. The ultimate goal of the cost reimbursement/IBR process is to yield enough information about what it will actually take to perform the project so that the Government could reasonably use a Fixed Price contract to fill the requirement.

C. Time and Materials or Labor Hour: If agencies are still some distance from being able to do either A or B above for a given project, then agencies should consider a small, short duration (less than one year) Time and Materials or Labor Hour type of contract for that project. This type of contract should only be used in the Planning Phase, and only when there is insufficient knowledge about the requirement to be able to use

a cost reimbursement contract to fill the requirement. Agencies should remember that Integrated Baseline Reviews can and should be used in concert with cost reimbursement contracting to control project costs to a greater degree than is usually the case in Time and Materials or Labor Hour contracts. A "Term" Cost Reimbursement contract versus a "Completion" type is similar to this and does not require the contractor to complete the tasks. The discussion on the time to use Time and Materials versus Cost Reimbursement needs to make a distinction between Completion and Term CR contracts. See Federal Acquisition Regulation (FAR) 16.306.

2. How should agencies decide how much goods and services to require in a given contract, task or delivery order?

An agency should only require in the contract, task order or delivery order sufficient goods and services to result in the agency receiving complete, useful assets. (A useful asset is defined in the Glossary of this Guide.) Therefore, if funding was eliminated for the project, the agency would still be able to walk away with, for example, a completed building rather than just a foundation, or software that is complete enough to be useable in and of itself, without having to add software modules to make it useable.

Let competition improve results through:

- Using commercially available and nondevelopmental items
- Publicizing opportunities widely
- Applying functional/ performance specifications/targets
- Limiting burdensome information requirements
- Using open architectures to enhance interoperability

Agencies should separately evaluate each piece of contracting support needed for their project in light of the above yardsticks to see what type of contract makes sense. Agencies are often able to combine parts of the contractor support effort that would require the same type of contract for that support. For example, in some initial parts of the requirements definition phase, so little is known about what it will take to do the contractor portions of the requirement itself that any ROM estimate is far enough outside the plus or minus 50 percent that it is closer to a guesstimate than a reliable estimate. For these parts, Time and Materials may be the best contract type to use. Once requirements are defined and as agencies are working on putting together Performance Work Statements, models, prototypes, etc., more is known about what it will take to meet Government requirements. Then estimates tend to become more reliable. With more reliable estimates, agencies are likely in the plus or minus 50 percent range for estimates, at which point a Cost Plus Award Fee may be the way to go. Once agencies get into production, deployment, and/or maintenance, even more is known about what it will take to meet Government requirements—enough to make it worthwhile to ask a contractor for fixed pricing. The Government then expects contractors and contracting personnel alike to be working in a fixed price contract environment. It is also possible to mix into any of these contract types the ability to place later orders, depending on how much is known about when, where, and in what quantities services are to be performed or goods are to be delivered.

I.5.5.3) Planning for Competition

The acquisition strategy should include how to make the most effective use of competition in all phases of the process. In most cases, competition will yield better value at lower prices. In looking for ways to make the most effective use of competition, agencies should pay special attention to using: (1) performance-based contracting, where innovative solutions are sought to meet functional requirements rather than the more traditional method of detailed Government specifications; (2) competitive demonstrations, where the Government allows several competing vendors to demonstrate their products or prototypes in an operational environment; and (3) solicitation of assets, which permit interoperability with others by featuring open architectures.

I.5.5.4) Planning for Acquisition Management

The risk associated with the asset selected for consideration will determine the type of performance-based management system that should be used to monitor contractor performance in achieving the cost, schedule, and performance goals during the contract period. All major acquisitions with development effort will include the requirement for the contractor to use an Earned Value Management System (EVMS) that meets the guidelines in ANSI/EIA Standard—748 to monitor contract performance. (See the NDIA Intent Guide for a list of the guidelines, reason for the guideline and methods to evaluate whether a contractor's EVMS meets the guidelines in the Standard.) EVMS is normally used on Fixed-Price Incentive contracts and Cost Reimbursement contracts for major acquisitions. EVM shall also be used on Firm-Fixed Price and any other type of contract or task order that meets the major acquisition threshold if that contract or task order contains a significant amount of development effort.

I.5.5.5) Integrating Earned Value into Acquisition Strategy

The acquisition strategy should make sure any contracts resulting from the acquisition that meet the Major Acquisition Threshold contain requirements for the use of EVM.

All contracts with EVM are required to have an Integrated Baseline Review (IBR) pre- or post-award to finalize the agreement on the baseline and ensure all risks are identified and understood. An IBR, a part of the overall risk management process, must be accomplished whenever there are major changes to the baseline. Depending on the risk to establishing an achievable performance measurement baseline at time of contract award, the use of an IBR before or after award must be determined. Agencies are expected to achieve at the completion of the contract at least 90 percent of the cost, schedule, and performance goals established at time of contract award. For more information see Section II.2.4, Establishing an Earned Value Management System.

I.5.6) Allow for Adequate Time to Evaluate Alternatives

Selecting the most promising capital asset should not be rushed, especially for mission-critical assets. Selecting an alternative without adequate analysis has resulted too often in large dollar acquisitions that have significantly overrun both cost and schedule, while falling short of expected performance. Agencies should not request funds for the production or installation stage of an acquisition until they establish firm goals that have a high probability of successful achievement.

I.5.7) Plans for Proposed Capital Assets Once in Use

Plans should also be developed for management of the capital asset once in use, including plans for operational analysis, operations and maintenance, and disposal. Both assets that are on-hand and those being considered for acquisition will have to be disposed of at some point. These costs may be very large. For example, a building may require demolition, or the production of waste may require large cleanup costs. The costs associated with the operating and disposal of assets should be included in the life-cycle and benefit-cost analysis (see Management-In-Use Phase).

Agencies should identify a measurement system for once the asset is in use that provides the cost and performance data needed to monitor and evaluate investments individually and strategically. For example, if an agency makes an advanced technology investment to achieve certain cost savings and quality improvements, the management system should permit the agency to measure whether these improvements occurred and whether operations and maintenance costs are within projections. The measurement system implemented should provide feedback on adherence to strategic initiatives and plans. The system should also allow for review of unexpected costs or benefits that result from the investment decision. This tracking system is a critical element of capital programming, for it follows through the operational life-cycle of the asset. One purpose of the measurement system is to help guide future investment decisions (see Management-In-Use Phase).

I.5.8) Portfolio Management

Capital assets should be compared against one another to create a prioritized portfolio of all major capital assets. Just as an individual invests in a diverse portfolio of securities, agencies invest in a diverse portfolio of capital assets. For the individual investor, returns are measured in dividends or capital gains. While the benefits and costs of capital asset portfolios should be quantified in monetary terms when feasible, agencies also measure return on the basis of outputs and outcomes.

Agencies should choose a portfolio of capital investments that maximizes return to the taxpayer and the Government—at an acceptable level of risk.

For the individual investor, some investments are more risky than others. Similarly, an agency's capital asset investments have various levels of risk. Sound planning for procurement and operational management can mitigate risk. But all assets, especially those that require extensive development work before they can be put into operation, are inherently risky and should be justified by high return. Agencies should choose a portfolio of capital investments that maximize return to the taxpayer and the Government—at an acceptable level of risk.

In general, agencies should establish and manage portfolios of programs, projects and other work in accordance with Federal policy and nationally recognized standards. The coordinated management of the items in a portfolio should enhance executive decision making and help ensure programs and projects contribute to an agency's ability to achieve strategic goals and objectives. The process includes the selection, prioritization and monitoring of programs and projects, but it does not include the management of the items in a portfolio. The management of individual items should be addressed in program/project management policy.

Portfolio management theory and standards are readily available from commercial sources and academic literature. The theory is not repeated here. Agencies are encouraged to focus on the practical application of the principles as opposed to the development of portfolio management theory. Most likely, the practical application will involve the tailoring of the principles to an agency's unique circumstances.

All of the items in a portfolio must support strategic plans, goals, objectives and priorities. The strategy and goals drive the selection and prioritization. The selection process should eliminate unnecessary and poorly planned projects. In addition, the risks associated with each item should be evaluated and responses should be developed. The risk management process should reduce threats to the agency objectives. The selection and evaluation should result in a portfolio that is balanced so that the mix of items maximizes the agency's ability to achieve strategic goals.

Annual reviews should include key performance indicators and ensure that the portfolio only contains items that support the mission. In addition to reviewing portfolio performance, each item should be reviewed individually to evaluate its contribution. Items may be added, deleted or reprioritized based on their performance and alignment with the strategy. The reviews should also address programs, projects and other work identified as high risk by the Government Accountability Office.

One approach to devising a ranked listing of projects is to use a scoring mechanism that provides a range of values associated with project strengths and weaknesses. Appendix 11 shows examples of how some key risk and return criteria might be scored. These examples are drawn from multiple best practices organizations. Higher scores are given to projects that meet or exceed positive aspects of the decision criteria. Additionally, in this example, weights have been attached to criteria to reflect their relative importance in the decision process. To ensure consistency, each of the decision criteria should have operational definitions based on quantitative or qualitative measures. A scoring and ranking process, such as the one depicted in Appendix 11 may be used more than once, and in more than just this step to limit the number of projects that will be considered by an executive decision-making body.

An outcome of such a ranking process might produce three groups of projects:

Likely Winners: One group, typically small, is a set of projects with high returns and low risk that are likely "winners."

Likely Drop-outs: At the opposite end of the spectrum, a group of high-risk, low-return projects that would have little chance of making the final cut.

Projects That Warrant a Closer Look: In the middle is usually the largest group. These projects have either a high-return/high-risk or a low-return/low-risk profile. Analytical and decision-making energy should be focused on prioritizing these projects where decisions will be more difficult. At the end of this step, senior managers should have a prioritized list of capital investments and proposals with supporting documentation and analysis. An example of criteria and scoring process to rank capital assets is in Appendix 11.

I.6) THE AGENCY CAPITAL PLAN

As part of its strategic plan, each agency is encouraged to have an Agency Capital Plan (ACP) that defines the long-term agency capital asset decisions. The ACP is the ultimate product of the Planning and Budgeting Phase and should be the result of an executive review process that reviews the work done in this Phase. The ACP should include an analysis of the portfolio of assets already owned by the agency and in procurement, the performance gap and capability necessary to bridge it, and justification for new acquisitions proposed for funding.

I.6.1) Executive Review Process

Each agency should establish a formal process for senior management to review and approve the capital assets that make up the ACP before the plan is presented to the agency chief executive for approval.

As described in OMB's "Evaluating Information Technology Investments, A Practical Guide" (November 1995), the number of times a capital asset is reviewed by senior management should be based on the associated level of risk involved in the acquisition. The cost of an asset and its importance to achieving the agency mission should also be taken into consideration when defining criteria for executive review. One private sector best practice company requires more documentation and greater analytical rigor if a proposed asset would replace or change an operational system vital to keeping the company running, or if it matched a company-wide strategic goal. Lower-impact proposals that would affect only a particular office or had a non-strategic objective would not be analyzed by senior management in such detail. Senior management should also review acquisitions not achieving 90 percent of established goals, as required by FASA Title V (see Acquisition Phase).

I.6.2) Purpose of the Agency Capital Plan

The Agency Capital Plan is the principal output of the Planning Phase. It is a dynamic plan that changes to reflect decisions about adding new assets and deleting old or even in-process asset acquisitions that are not meeting goals (i.e., the return on investment does not justify continued funding of the project). It should be the central document, or group of documents, that the agency uses for its capital asset planning. Agencies are encouraged to use a summary of the Agency Capital Plan for budget justifications to OMB, congressional authorizations of projects, and justifications for appropriations to the Congress. (See OMB Circular A–11, Part 2 for budget submission guidance.)

Agencies are encouraged to have on hand capital planning documents at various levels of detail, applying each for different purposes. For example, a summary level might be sufficient for the authorization process in the Congress or justifications for the appropriations committees. The same or a different summary might be made available to OMB to support agency budget proposals to, or if requested by, OMB. The most

detailed level might remain in the agency for use in developing the summary materials for OMB and the Congress. In this regard, the Agency Capital Plan can be an excellent means of explaining the background for capital asset purchases, as well as their justification, and can be used as a means of answering inquiries related to an agency's budget submission. Last, the Agency Capital Plan can support an agency's related salaries and expenses associated with the staffing, operation, and maintenance of its capital asset portfolio.

I.6.3) Key Elements of the Agency Capital Plan

Agencies are encouraged to include the elements described below in their Agency Capital Plans. This outline and description should not be viewed as a required format. Agencies that choose to use a summary of their capital plans to justify funding requests for capital assets are encouraged to work with the Congress, OMB, and other stakeholders to determine what should be included and in what format.

The Agency Capital Plan may contain the following elements:

- Statement of agency mission, strategic goals and objectives, and annual performance plans;
- Description of the Planning Phase;
- Baseline assessment and identifying the performance gap;
- Justification of spending for proposed new capital assets;
- Cost-Schedule and performance goals and changes thereto;
- Risk-Management Plan;
- Staff requirements;
- Timing issues, if involved in a multi-agency acquisition;
- Plans for proposed capital assets once in use; and
- Summary of risk management plan.

Each of the elements is discussed in detail with a table demonstrating the relationships between strategic plan, annual plan, and capital plan in Appendix 12.

I.7) AGENCY SUBMISSION FOR FUNDING IN THE BUDGET YEAR

The Budgeting step of the capital programming process occurs when OMB works with the agencies to devise a funding plan to allocate resources among various priorities.

This process begins when the agency starts to incorporate budget concerns into its strategic and annual performance planning, including consultation with OMB staff and perhaps congressional staff. Budgeting is of greater urgency when the agency formally requests budget authority for the asset in its budget submission to OMB for the coming year. Although budgeting should be incorporated to account for all phases of an asset's life-cycle, the formal budget process really begins during this step of the Planning Phase once the agency requests OMB to include the funding for a program or project in the President's Budget. The Budgeting Step and the Planning and Budgeting Phase ends when the Congress appropriates funds for the acquisition and OMB apportions the funds to the agency.

Agencies are encouraged to work with OMB through the entire Planning and Budgeting Phase to greater increase its likelihood of funding. This is where a long-term capital asset investment and utilization plan is useful. It greatly assists the decision makers at OMB see where this asset, among others, fits into the long-term goals of the agency. The plan, as described above, which includes condition analysis, annual performance, and asset inventory, would be familiar with the OMB RMO staff and clearly list out where the asset in question fits into the long term plan.

This step differs from the other planning steps in part because the sole decision making authority does not rest within the agency. They are made in part by OMB (whether to include the request in the

Administration's budget proposal to the Congress), and by the Congress (whether to enact budget authority for the acquisition).

This section could also be called the "Justification" or "Approval" section. The agency justifies its proposal to OMB and the Administration, and if approved, the agency and the Administration justify the proposal to the Congress.

Return on Investment (ROI) includes consideration of integrity, confidentiality and authenticity, availability and reliability. If an asset does not have all these characteristics, then the chances of realizing the ROI are reduced. Agencies must demonstrate the use of a repeatable framework for considering these aspects in the selection of capital asset investments. The Federal Information Security Management Act (FISMA) is such a framework for IT assets. Two key aspects of this framework are:

- Implementation of security configurations. FISMA requires each agency to determine minimally acceptable system configuration requirements and ensure compliance with them. In addition, agencies must explain the degree to which they implement and enforce security configuration.
- Plan of Action and Milestones. FISMA requires agencies to develop a process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices of the agency.

Agencies must report annually the status of both implementation of security considerations and the Plan of Action and milestones. OMB uses this information to determine the degree to which agencies use the framework and to establish an understanding of the overall level of risk in the Federal IT portfolio.

I.7.1) Agency Submission to OMB

The agency submission should be consistent with the Principles of Budgeting for Capital Asset Acquisitions, which can be found in Appendix 6 to this Guide and is published annually within OMB Circular A–11 as Appendix J. Once submitted, the agency may be called upon to defend the proposal formally in OMB's agency hearings, or informally in many other ways. The proposal will undergo further scrutiny within OMB, and OMB may request more information from the agency, before the OMB Director makes the budget recommendation to the President.

In most cases, the formal submission to OMB will not be the first time OMB or the Congress learns of the proposal, because OMB, and perhaps the Congress, may have been involved in developing the Agency Capital Plan and in approving funding for the Planning Phase. It is also not the first time that the agency has been involved in budgeting and justification. Within the agency, budgeting and justification take place among the various programs and bureaus. Projects that cover more than one appropriation account within the agency or are multi-agency projects should have undergone careful planning to determine how the total cost should be allocated among the various accounts. By the time it is proposed to OMB for funding, the project has survived the competition for resources within the agency and is ready, in the view of the agency head, to compete in a larger and more demanding arena for budgetary resources.

I.7.2) Criteria for Justification of Spending for Proposed New Capital Assets

Although the details will vary depending on the acquisition, there are certain key criteria that OMB will look for in the justification. OMB Circular A–11, Part 7, defines the budget submission requirements for both new and in-process acquisitions. A discussion of the key elements of an Agency Capital Plan can be found in Section I.6.3 of this Guide, with further detail in Appendix 8 and Appendix 12. The principles incorporate the requirements of the Clinger-Cohen Act of 1996 for justifying budgets for capital assets. The three parts of the justification discussed here are (1) basis for selection of the capital asset (2) principles of financing and (3) strategies for strengthening accountability for achieving goals.

I.7.2.1) Basis for Selection of the Capital Asset

The basis for selection of the capital asset is taken from the Justification of Spending for Proposed Capital Assets in Appendix 12. Illustrations of questions OMB Resource Management Offices (RMO) may ask when reviewing agency submissions are shown below.

Illustrative Agency Statement of Program Objectives and Related Information: The program is expected to process 50,000 documents next year and will have to process a projected 60,000 documents five years later. Legislation making the documents more complicated is likely to be enacted. Current projections indicate that the number of Federal employees (FTE) must decline by 15 percent between now and then.

Illustrative Questions from OMB and Others Regarding Program Objectives: Are the documents important to the agency mission? What is the basis for the projected increase in the number of documents? What are the assumptions regarding the complexity of the documents and the amount of time needed to process each document? What is the basis for assuming that the number of Federal employees will decline?

I.7.2.2) Principles of Financing

The following principles of financing should be followed for the acquisition of capital assets. These are from Principles of Budgeting for Capital Asset Acquisitions (see Appendix 6).

- **Principle 1. Full Funding.** Agencies should request budget authority sufficient to complete a useful segment of a project (or the entire project, if it is not divisible into useful segments). Full funding must be appropriated before any obligations for the useful segment (or project) may be incurred.
- Principle 2. Regular Appropriations and Authority for Multi-Year Contract Authority. Regular appropriations for the full funding of a capital project or a useful segment (or investment) of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, see Principle 4 below.
- **Principle 3. Separate Funding of Planning Segments.** As a general rule, planning segments (e.g., initial planning, competitive prototypes) should be financed separately from the procurement of a useful asset.
- Principle 4. Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts. To accommodate lumpiness or "spikes" in funding justified acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

I.7.2.3) Strategies for Strengthening Accountability for Achieving Goals

Failure to achieve the project cost, schedule, and performance goals can have serious consequences on the ability of the agency to meet its strategic goals and objectives and can seriously affect the agency budget for many years. In addition to providing the cost, schedule, and performance goals, agencies should describe: how much development work is involved, the procurement strategy that will be used (including use of competition and financial incentives), how the acquisition will be managed (use of IPT and the performance-based management system that will be used to provide visibility into program status), the risks

associated with the acquisition, the probability of achieving the goals, and the thresholds for termination of the project. This material can be taken from the ACP, Appendix 12.

Illustrative Requests from OMB and Others Regarding the Cost, Schedule, and Performance Goals:

- *Provide baseline cost and schedule goals for the acquisition.*
- Explain the agency system for developing the baseline goals and evaluating whether the goals will be met.
- Explain the performance goals for the asset.
- Explain the risk that the cost, schedule, and performance goals will not be met and how that risk will be monitored and controlled.

II. ACQUISITION PHASE

Introduction

Acquisition Planning started with the steps in the previous phase and resulted in the capital plan that justified the funding to acquire the asset. The Acquisition Phase, for purposes of this Guide, begins after the agency has received funding from the Congress for a segment, module, or the entire asset and ends when the asset is delivered and fully operational. Although this section of the Guide addresses issues that arise when the agency intends to satisfy its requirements using outside contractors, most of the principles are equally germane when the work will be performed in-house. The in-house work must be managed with the same rigor as contractor work. In-house operations are expected to achieve the cost, schedule, and performance goals to ensure success of the project, just as with contractors. While a project charter replaces the contract for in-house work, the other requirements for good project management, including the use of EVM in accordance with the ANSI 748 standard are applicable for development efforts or multiple projects in a program. Where there are both Government development efforts and contractor development efforts in the same program, the data from the two EVM systems must be consolidated at the reporting level for total program management and visibility. If specific EVM and other project management best practices are not deemed necessary for in-house management, the business case for major acquisitions will need to explain why the agency determined the specific management practice was not germane to the in-house operation.

Depending on the results of the research into the capabilities of the market to provide the asset, the agency will begin the process to procure the asset. In most cases, the procurement should be for a commercial item involving limited or no development work. When the risk inherent in development is offset by the high expected return, the procurement may begin with a development contract.

All projects involve risk, even those that seem ordinary and do not involve high technology. Nevertheless, agencies are expected to award contracts which have a high probability of achieving at least 90 percent of the cost, schedule, and performance goals established in the Planning Phase. The requirements to establish realistic goals and manage the acquisition to meet those goals applies to all contracts, including both development and production contracts. The IPT must ensure that the proposals and in-house estimates clearly recognize the amount and impact of risk on cost, schedule, and technical effort. The contract should provide for a reasonable profit if the contractor meets the risk-adjusted cost, schedule, and performance goals. It should also provide incentives to the contractor only for cost and schedule reductions while maintaining the expected performance, or for performance improvement while maintaining cost and schedule goals, if performance improvement is actually needed to meet agency strategic goals and objectives.

Not every project will achieve the cost-benefit expectations of the Planning and Budgeting Phase. If the EVMS and other management tools indicate that the planning expectations are not realized during the Acquisition Phase, agencies should undertake benefit-cost analysis to evaluate whether the benefits of completing the project are worth the additional costs, schedule delays, or performance reductions that would be incurred. Assuming the re-baselined project has an acceptable cost/benefit ratio, the agency must then compare that ratio with other projects within the agency's portfolio to determine if the re-baselined project merits continued funding. If not, agencies should concede the sunk-costs and terminate the project.

Sound acquisition management requires holding managers accountable. By making the decision makers responsible for their decisions, there will be a greater emphasis in the long run on setting realistic goals and on seeing that they are met. Agencies should establish for the IPT, and others as appropriate, a system of incentives to encourage achievement of the project's baseline goals. These incentives should include rewards (including bonuses), recognition, and consideration in both personnel evaluations and promotion decisions, when performance of IPT personnel contributes to achieving or exceeding the cost, schedule, and performance goals of the acquisition. Incentives are not appropriate if the acquisition does not achieve its baseline goals.

II.1) VALIDATE PLANNING DECISION

The Acquisition phase implements the planning discussed earlier in this Guide by using the funding provided via the budget process. The specifics of each acquisition are governed by the Acquisition Plan (AP) which documents the planning decisions. Formal written plans that include all of the information described in Phase I and FAR 7.105 are required for all major acquisitions. The FAR and the agency implementation regulations guide the program through the acquisition process from requirement need through close out of the final contract.

At the beginning of the Acquisition Phase, the IPT should re-examine the mission need. The IPT should also re-examine the sustainable design principles and determine if new sustainability initiatives are available. Furthermore, it should re-assess the market capabilities to verify the conclusions reached in the Planning Phase as to whether a commercially available asset can be acquired or limited (or full-scale) development work is needed. The amount of development and complexity of integration are usually the greatest risk factor. Therefore, this validation will have a significant impact on what types of risk treatment and mitigation will be necessary. The IPT should review any prior decisions that development work would be necessary, because technical advances that have occurred since the Planning Phase (or even pre-existing capabilities that were overlooked) could render development work unnecessary. Large, complex implementations of COTS solutions should be broken down into manageable components of useful functionality to reduce risk.

Alternatively, the IPT may determine that a decision in the Planning Phase for direct procurement is no longer valid and development is necessary. When such a determination is made, the analysis and recommendations to change direction should be considered and approved through the portfolio planning process before the IPT proceeds with the acquisition.

The IPT should also re-examine how it can make the most effective use of competition and financial incentives. For instance, if full-scale development was originally planned, but now only limited development will be necessary, more commercial firms may be willing to compete. Also, it is generally appropriate to use firm fixed-price or fixed-price incentive contracts if the development is limited or nonexistent. Of course, the re-examination of the contracting method will also lead the IPT to re-examine what type of acquisition management system is necessary to ensure adequate progress and accountability. If the scope of work requires development type work, EVM must be the major management system used. For major acquisitions, the use of interagency contracts and Indefinite Delivery/Indefinite Quality contracts should be limited. Major acquisitions are large dollar acquisitions and the maximum amount of competition should be solicited.

The IPT must review the WBS to ensure that it completely defines the program scope of work and will provide the basis to extend the Contract WBS to achieve integrated cost, schedule, and technical performance management. The cost estimates and risk assumptions must be reviewed by the systems engineers and cost estimators to ensure the Government has a sound basis for negotiating the contract.

II.2) MANAGE THE ACQUISITION RISK

The most important aspect of the Acquisition Phase is managing the risk. The Program/Project Manager must provide for continual risk management throughout the life of the program/project. Risk management should be built into an agency's Acquisition processes as a variety of risks may arise in each stage of the Acquisition process. Agencies should also carefully monitor the terms and conditions, including pricing, on which risk allocations are determined, to ensure that they reflect value for money. To ensure that all the risk is identified by the Government and contractors, integrated baseline reviews are required either prior to award or as soon as possible after award, as appropriate, and whenever there is a major modification to

the program or a baseline change is requested. The purpose of this function during the Acquisition Phase is to:

- 1) Track, manage, and report risks associated with the Acquisition Phase;
- 2) Develop the risk management requirements for the RFP; and
- Based upon the winning proposal, identify new risks associated with the Development and Implementation Phases of the project, and develop necessary mitigation/contingency strategies.

An appreciation of business risk management at all levels in the organization will help to ensure that the impact on a project is fully understood and monitored throughout its life. It is important that a risk management strategy is established early in a project and that risk is continually addressed throughout the project life cycle.

Risk management includes several related actions involving risk: planning, assessment (identification and analysis), handling, and monitoring.

The extent of risk management required by an agency will vary from following routine Acquisition processes to a significant undertaking involving a high level of planning, analysis, and documentation. Risk management increases the number of projects that will meet the established goals. Management of risk is an ongoing process throughout the life of the project, as risk will be constantly changing. Before starting any acquisition, the IPT should update the acquisition plan to ensure that the risk management strategies considered in the Planning Phase remain appropriate. Agencies should address considerations of safety, security, and risk management in acquisition strategy meetings, source selections, award fee structures, and project surveillance.

Appendix 5 further describes the risk management process.

II.2.1) Limiting Development

The greatest risk factor to successful contract performance is the amount of development that is planned for the Acquisition. Projects requiring full scale development have the greatest potential to experience cost overruns, schedule delays and not meeting performance goals. Therefore, agencies should procure, to the maximum extent practicable, commercial and non-developmental items to satisfy needs.

When commercial or non-developmental items are not available, agencies should consider pursuing limited development work. Although limited development still poses more risk to successful contract completion than needing no development, it does not endanger the success as much as full-scale development. Full-scale development should normally only be considered when it promises exceptionally high returns for achievement of strategic goals if it is successful. Full-scale development should not be used if it will cause the agency to reduce service or increase costs if it is not successful.

There are several ways of mitigating risk, especially the risk that limited or full development presents. One method is to make use of the Nation's integrated industrial base (i.e., companies with facilities, design and manufacturing processes, and technologies capable of servicing both commercial and Government needs). When limited development is necessary, agencies should make maximum use of commercial assembly lines, technology, components, and processes.

Even when full scale development is required, the commercial marketplace has established processes for development work (e.g., design, quality control, and technologies) that the agency can use in its development effort. Furthermore, there are significant advantages if the contractor establishes a market for the product of the development effort beyond the current need. This approach creates the need for the contractor to plan for future maintenance. In many large, full scale development efforts, cost precludes selecting anyone other than the original developer to maintain the custom solution. Planning for custom solutions must address the risk of having to pay excessive amounts for future maintenance.

II.2.2 Using Competition and Financial Incentives

The effective use of competition and financial incentives is another means to reduce the risk to successful

contract completion. In the earliest stages of the acquisition process, the agency should still be looking for innovative solutions to meet its needs. Advance Acquisition Planning (AAP) should be used so that the contracting officer has time to perform any necessary market surveys, prepare a clear solicitation, and effectively identify and use available resources. Given the opportunity, industry can be helpful in proposing innovative solutions. This is more likely to be effective if sufficient time is given for a thorough review of the requirement. Requirements in solicitations should be written not as detailed design specifications, but rather as clear performance standards for asset function and performance, including long term operation and maintenance (O&M) costs, that allow sources to propose various alternative solutions for meeting the agency's needs. Additionally, making effective use of competition and financial incentives will help the agency obtain

The Pentagon Renovation Program was conducted in stages relating to "wedges" in the building. The first phase of the renovation did not use a performance-based contract (PBC) and the design plans included 2,600 pages of detailed design specifications. The renovation of wedges 2 through 5 used a PBC and needed just 16 pages to communicate performance-based requirements. For this second part of the project, potential offerors were encouraged to attend the Government's requirements definitions meetings help identify performance requirements, not detailed specifications. For example, one of the sustainability requirements for restrooms was that wall surfaces should have a 50 year life. This resulted in Corian being proposed in place of the traditional tile because Corian was significantly less costly on a life-cycle basis.

better cost, schedule, and performance goals at contract inception.

A major barrier to taking advantage of the Nation's integrated industrial base can be the burdens and risks imposed by the Government's demands, in order to ensure price reasonableness, for offerors to submit certified cost data and/or to comply with the Government's cost accounting standards. Agencies can avoid this problem by using acquisition strategies that rely on competition and fixed-price contracts to ensure that reasonable value is received for the price paid.

Creating a monopoly can create problems far beyond an increased procurement price in the current acquisition. Whenever the Government lacks viable alternative sources of supply the agency may lack a realistic means of enforcing contract cost, schedule, and performance goals. Additionally, the lack of viable alternative sources of supply increases the agency's risk of being unable to obtain spare parts and O & M services at reasonable prices.

Agency acquisition plans should attempt to avoid monopolies through mitigation techniques such as multisourcing and using commercial standards (e.g., interfaces and footprints that allow for the use of alternative components). Sometimes (e.g., in an extremely large development effort) the nature of an acquisition effectively precludes competition for the foreseeable future. In such circumstances, an agency must take

Rationale for Providing Stipends

- Proposal Development is very costly;
- Signals the intent that owners are serious about carrying the project forward;
- Improves the quality of firms which are submitting; and
- Encourages proposers to give full effort.

precautions to mitigate the negative effects of the monopoly (e.g., long term pricing arrangements for system upgrades and maintenance with source code or technical data in escrow in case of a violation). The use of Indefinite Delivery Indefinite Quantity (IDIQ) contracts awarded to one contractor for a long term project means that the task orders for future work when defined are negotiated in a sole source environment, even though the FAR classifies the contract as competitive.

Providing stipends to contractors to cover some or all of proposal costs can provide an effective financial incentive to increase competition.

The use of a multi-step source selection process is necessary to effectively use stipends. Stipends to non-successful offerors help defray, but rarely come close to fully covering the costs that offerors expend in responding to RFPs. However, providing a stipend strongly encourages the very best companies to put forth their very best proposals. The Government may decide to require permission to use design plans as a precondition to receiving a stipend. Experience in construction contracts has shown that where an optional stipend is given to a non-successful offeror in exchange for the right to use the design plans, the stipend is generally readily accepted. The availability of a stipend and the terms governing its use must be identified in the RFP.

Financial incentives may reduce risk by motivating contractors to meet cost, schedule, and performance goals. Financial incentives can take the form of additional profit for reducing cost, faster delivery or improved performance. Incentives must be used properly. One way to motivate cost reduction without jeopardizing contract performance is to motivate based on the "probable cost" resulting from the IBR. The incentive must be large enough to be meaningful to the contractor.

Significantly faster delivery than required. Agencies need to be mindful of three things when working with delivery or performance incentives:

- Such incentives are only paid for delivery that is faster than not only what is called for in the contract, but also what is normally done in the marketplace.
- For cost reimbursement contracts, the effort to deliver early to earn the delivery incentive does not drive up the cost of contract performance.
- The incentive for delivery will not result in delivery before the Government is ready to use the items.

Delivery of goods/services that significantly exceeds Government performance requirements. This is when the contractor delivers a good or service that exceeds the performance requirements (other than delivery time) stated in the contract. Agencies need to be mindful of three things here:

- Agencies should only motivate performance that is significantly above and beyond contract requirements.
- For cost reimbursement contracts, agencies should also be careful that the effort to exceed Government requirements to earn the incentive does not drive up the cost of contract performance.
- The incentive should not encourage the provision of performance that exceeds the Government's needs to meet the agency strategic goals and objectives. This would be a waste of resources that could be used elsewhere in the agency where strategic goals and objectives are not being met.

The standards for the payment of incentives must be clearly defined in the contract and incentive payments must not be made if the standards are not met. Paying incentives without clear justification, even for award fee incentives, has been identified in GAO reviews as a major problem area in contract administrations.

For award fee contracts the award standards must be as clear as possible, but the incentive provisions can be for patterns of behavior, rather than specific measures. If performance evaluation requirements are written too narrowly, the agency may not reward sought after behavior.

While the element of subjectivity must be recognized in evaluating award fees, suggested criteria for award fees may include:

- Quality of work
- Problem solving
- Safety
- Communications
- Minority business opportunities

II.2.3 Using Performance-Based Specifications

the incentive awards the appropriate behavior. An agency provided an award fee incentive if a call center picked up telephone calls within two rings and established a system to monitor the requirement. The contractor met the requirement by hiring more low-paid employees to answer calls, but the overall objective of achieving quality was lacking.

Agencies need to be cautious and ensure that

When developing the statement of work for major contracts, the more design and specification detail included by the Government on "how to" meet the contract requirements, the more the Government warrants that the specified "how" will meet the performance requirements of the contract; therefore, the more risk the Government assumes for the success of the project. Performance Work Statement (PWS) may reduce the amount of changes and limit the litigation risk.

Using PWS encourages competition by allowing offerors to compete based on providing unique and innovative solutions to performance needs, rather than just price. In this way, the Government benefits from a marketplace of potential solutions and may choose the solutions that best meet the agency's goals within the available budget.

The PWS must include the outcome goals of the acquisition. The outcome goals are normally discussed in the Justification Section (I.) of the business case, and the performance goals section of the business case.

The use of PBSs is a mandatory requirement for all major acquisitions. Failure to use a PBS, unless justified, will result in a poor evaluation of the acquisition strategy in Section I.G. of the business case when the business cases are being reviewed by management for funding.

II.2.4 Establishing an Earned Value Management System

The third key principle of risk management in the Acquisition Phase is using Earned Value Management in accordance with the guidelines in ANSI/EIA Standard 748.

The solicitation for the contract, or in-house charter, must contain the FAR EVM provisions for pre- or post-award IBRs, as appropriate, and the EVM clause. The process and schedule for contractor and in-house EVM system validation as meeting the ANSI/EIA 748 through an EVMS Compliance Recognition documents or a Compliance Evaluation Review where a compliance document does not exist, and periodic systems surveillance must be also be defined in the solicitation.

When considering whether to conduct a pre- or post-award IBR, the IPT should consider that the baseline established with the initial contract award becomes the original baseline for meeting the requirement to achieve 90 percent of the cost, schedule, and performance goals. Any request for a baseline change after initial award that exceeds the 90 percent threshold will require agency head review and OMB approval before the new baseline may be included in the contract.

The Agency EVM process should be consistent with the guidelines and processes in the National Defense Industrial Association (NDIA) EVMS related guides. These guides can be found on the Defense Acquisition University EVMS web site at https://acc.dau.mil/evm, or the NDIA web-site at https://acc.dau.mil/evm, or the NDIA web-site at https://www.ndia.org—click on Government Advocacy Division and Program Management Systems Committee. For more information see Appendix 3, Example of Earned Value Concept and Schedule Variance for Capital Assets.

II.3) CONSIDER TOOLS

Various tools permit agencies to manage risk in the Acquisition Phase. Three such tools are modular contracting, advisory multi-step acquisitions, and competitive demonstrations/prototyping. All of these tools can be used in combination with each other.

II.3.1) Modular Contracting

Agencies should, to the maximum extent possible, consider breaking large acquisitions into smaller, more manageable segments or modules. Each module must be an economically

MODULAR CONTRACTING

Reduces Risk by:

- Increasing competition among firms
- Facilitating fixed-price contracting
- Accommodating changing technology and agency priorities

and programmatically viable (i.e., useful) segment, as defined in the Glossary. A module should include whatever design, development, prototyping, testing, and production are necessary to obtain the identified functionality. However, a module may be a phase such as Planning, or a part of a phase, such as Development and Selection of Prototypes. Each module should be fully funded (see Section I.7.2). As technology advances and agency priorities change, the design of subsequent modules may incorporate these improvements. Modular contracting, therefore, is appropriate even in commercial or non-developmental item Acquisitions. Although modular contracting is generally thought of in terms of contracts for information technology (the Clinger-Cohen Act of 1996 requires that IT contracts be completed within 18 months of the issuance of the solicitation, which almost demands modular contracting for IT), this concept is a best practice for other types of capital assets. This concept is also known as spiral development.

In addition, in limited or full-scale development efforts, if program progress falls short of expectations, it usually is easier and less expensive to make adjustments using modular contracting. A modular approach allows the agency to attack risk incrementally, thereby making it easier to manage. Projects may include successive modules, where each module depends upon already completed modules. Projects may also be composed of several parallel modules, provided that, if one fails, the others will still provide a cost-beneficial service.

The parameters of a module will vary depending upon the type of asset being acquired or the nature of the asset being developed. The following factors, however, should be considered:

- **Separability**. A module should be an economically and programmatically separable segment. The module should be fully funded, have substantial programmatic use that is not dependent on any subsequent module, and be capable of performing its principal functions even if no subsequent modules are acquired.
- Interoperability. Each module should comply with a common architecture or commercially acceptable technology standards. Increments should be compatible and capable of being integrated with other modules. By using common or commercially acceptable standards, agencies make competition for subsequent modules a more viable option. For IT acquisitions, modules should also conform to the agency's master information technology architecture regarding interoperability.
- **Performance requirements.** The performance requirement of each module should be consistent with the performance requirements of the completed, overall system and should address interface requirements with other increments.

In acquiring the first module, the agency should plan for the acquisition of subsequent modules. Contracts should be structured to ensure that the Government is not required to procure additional modules. The following list provides examples of contracting techniques that may be used to acquire subsequent modules:

- Include Modules in Initial Contract. This technique is most appropriate when product integration may be a problem, subsequent modules can be clearly defined at contract inception, and options can be exercised shortly after contract award. If there is going to be other than a minimal amount of delay in awarding the subsequent modules, it may not be prudent to include subsequent modules in the initial contract, because agencies would want the flexibility of taking advantage of technology improvements or changes in agency priorities.
- **New Solicitation.** An agency can issue a new solicitation and award a new contract for subsequent modules. This approach is most appropriate when integration will be relatively easy and there is a pool of contractors that could perform the work without a large capital investment.
- Task and Delivery Order Contracts. Some agencies have awarded IDIQ contracts with task orders issued for each module. These contracts normally are issued because the agency has not defined the work except in broad terms. These contracts contain a high degree of risk as the subsequent task order statements of work can be highly influenced by the contractor and the negotiation for scope of work and cost, and schedule goals is done on a sole source basis. Where possible, agencies should enter into multiple award contracts to maintain effective competition throughout the acquisition.

In order to reduce the high risk in IDIQ contracts for major acquisitions agencies should use competitive prototyping or define the first task order in the solicitation and conduct a full IBR on the two most qualified offeror's proposals before awarding the contract and first task order. Either of these methods will maintain competition through a detailed review of the proposed solution and provide a clear set of risk adjusted cost, schedule, and performance goals and a PMB that both the Government and contractor believe can be achieved without major changes. The award of this competitive task order will provide the Government with realistic cost information that can be used as a basis to negotiate the follow-on sole source task orders.

• Sole Source. When the original contract does not provide for follow-on modules and it is determined that follow-on modules should be awarded to the original source (see FAR 6.302–1(a) (2) (ii)), an agency may issue a sole source award for subsequent modules to the supplier of a previous module. This approach is appropriate when the benefits of having the incumbent contractor continue the work outweigh the benefits of competition (e.g., contractor continuity is necessary to ensure good system integration). Pre-award IBRs should be conducted before the award of any sole source contract to ensure the cost, schedule, and performance goals have been thoroughly reviewed and agreed to by both parties.

With modular contracting, agencies are better able to manage developmental risk. Accordingly, agencies are more likely to be able to use a firm fixed-price or fixed-price incentive contract for the acquisition of each module. As discussed more thoroughly in Section II.4., using a firm fixed-price contract is the preferred contracting method. Modules can often be acquired on a firm fixed-price basis when a large developmental program could not, because modules reduce the risk to cost, schedule, and performance goals that a large developmental program would otherwise have. Modules also can limit the Government's exposure when contracting on a cost reimbursement basis because the task is smaller and more likely to be accomplished within goals by the contractor. In addition, the Government may terminate the acquisition with smaller sunk costs if it becomes apparent that the threshold goals will not be met.

Modular contracting, especially when using an open architecture, can also increase the effective use of competition. The contract base for large development efforts tends to be limited to those large companies that have the Government as their major, if not only, buyer. By breaking the acquisition into smaller pieces, the agency is able to make better use of the Nation's integrated industrial base by making the competition more attractive to smaller firms as well as firms that do predominantly commercial work. This increases both the quantity and quality of the competition.

II.3.2.) Advisory Multi-Step Acquisition

Like modular contracting, a multi-step approach has advantages regardless of the amount of development necessary. In a multi-step approach, the agency asks for limited information in the first phase. The requested information typically consists of information about past performance and experience, a conceptual outline of the proposed technical approach (versus a particular technical solution), and a rough order of magnitude pricing. Detailed technical and cost proposals are not received in the first phase. After requesting and evaluating the limited information submitted by potential offerors in the first phase, agencies can then advise each potential offeror whether or not it is a realistic contender for award. In general, when the agency does issue the actual solicitation, in the second phase, all responsible sources, even those sources that participated in the first phase but were advised that they were unlikely to be realistic contenders, as well as sources who did not participate at all in the first phase, are allowed to submit proposals and have those proposals fully considered. A third step may be added to allow for a down select to two offerors where a pre-award IBR will be conducted on each proposal to finalize the cost, schedule, and performance baselines, complete the risk management plan, and select the best offeror for award of the contract.

The type and amount of information the IPT requests in the first phase step depends on the type of acquisition. In commercial and non-developmental item acquisitions with limited or no development, the information requested in the first step can focus on past performance references and commercial catalogs. Such information would give the IPT a good sense of which offerors have demonstrated their success in applying their capabilities on similar projects.

Advising prospective offerors, in the first step of their competitive viability should limit the number of full technical and cost proposals the IPT receives. Limiting the number of full proposals received should save valuable resources for both the agency and prospective contractors. Prospective offerors' up-front expenditures will be reduced, and they need not expend more resources until after they have been advised of their likelihood of being competitive for the award. A multi-step process may, therefore, encourage more participation by firms that have successfully performed in the private sector, but because of the high cost, have not previously chosen to compete for Government contracts.

Regardless of whether or not development is required, a multi-step approach allows the acquisition to benefit substantially from the efficient and effective communication between sources and agency personnel. These communications will foster the development of requirements and evaluation criteria that allow the best fit between agency needs and marketplace capabilities. Sources that are advised, based on the first step review, that they are strong competitors should be encouraged to participate in such a due diligence effort. As a general matter, however, because the interchange occurs before issuance of the solicitation for proposals in the second step, all interested sources will have the opportunity to participate. Agencies that are not bound by the requirement in the Office of Federal Procurement Policy Act and the Small Business Act that all responsible sources be allowed to submit offers, can restrict participation in the due diligence effort to those offerors selected in the first phase, making it even more beneficial. ²

Multi-Step acquisition provides incentives to bidders to invest more of their own resources to perform due diligence to learn about agency needs and develop innovative high value solutions. The multi-step approach provides an incentive for offerors to invest resources in performing due diligence. Once an offeror has been told that, based on the first step review, it is a leading contender to receive the award and it knows that only a limited number of other offerors are in that position, the offeror has a strong incentive to work with the IPT, end-users, and others to obtain good information about the agency's needs. Offerors will be able to assess well the gaps between the functionality and performance available using existing assets and the functionality and performance desired. There is also a strong incentive to understand what is expected by

² This is consistent with the definition of budget authority contained in Section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990.

those who will have to use, maintain, and rely on the new system. This information and understanding can enhance substantially offerors' ability to submit high value proposals and avoid contract disputes.

It is not necessary in the multi-step process outlined above to include firm requirements or evaluation criteria for the second step solicitation in the initial notice or before due diligence is complete. As a result, the dialogue between prospective offerors and agency personnel can contribute substantially to the development of requirements and evaluation criteria that yield very effective competition. The benefits of competition depend not only on the number of offers received, but also on how likely the offerors are to submit proposals that will meet the agency's needs and provide good value. It is better to receive three robust offers than ten mediocre ones. By accommodating and targeting marketplace capabilities that are suitable for meeting agency needs, the refined solicitation (that is produced by a multi-step approach) puts offerors in a good position to propose what the agency actually needs and wants and increases the probability of awarding a contract that represents the best value available in, or capable of being developed by, the marketplace.

Of course, if the Government believes it is appropriate (e.g., the development work will be substantial) to offer further incentives, the Government may award competing prototype contracts with limits on the total

costs to be reimbursed by the Government (see II.3.3, Competitive Prototyping). This type of contracting can be used if the agency decides a pre-award IBR is necessary to establish a firm baseline with a high probability of achieving the cost, schedule, and performance goals for the contract or module before award to prevent the potential need to ask for a baseline change if the IBR is done after award.

There is no generally preferred contract pricing mechanism for a multi-step acquisition. The pricing mechanism will depend on the type of acquisition. If the acquisition is for a commercial or non-developmental item or for a limited development effort, it should be a fixed-price effort; if, however, the acquisition is for a full-scale developmental system, a cost reimbursement contract may be necessary if the risk is too great for a fixed-price contract. For development efforts, however, thresholds should be established beyond which the project would not be cost-beneficial and should be considered for termination.

The term prototype normally means a physical deliverable that can demonstrate actual performance characteristics. For long-duration contracts that include significant development, it may be impractical to proceed all the way through completion of a prototype. In lieu of a prototype, the Government may require an initial detailed design activity that is sufficient to demonstrate the adequacy of the proposed technical approach and enable the accurate estimation of the cost of development.

II.3.3. Competitive Prototyping

To mitigate the risk of full-scale or limited development, agencies may use competitive prototyping. In competitive prototyping, contractors offering alternative system design concepts are selected to develop prototypes of their products. In acquisitions with limited development, the development work can be completed as part of the prototyping effort. When limited development is done as part of the prototyping effort, the contractor would be ready to move to full-scale production after satisfactorily completing the prototype.

Whether full-scale or limited development is contemplated, both contractors and the agency can use the competitive prototyping phase to exchange information. This opportunity gives the contractor a better idea of what the end-users need. Similarly, it allows the agency to learn what the marketplace can provide. As is the case with multi-step acquisitions generally, continuing needs definition and market research in a due diligence effort—conducted with those sources selected to develop prototypes—allows for an effective and efficient information exchange. This exchange will foster achieving the best fit between agency needs and market capabilities. Prototyping also allows the Government to obtain enough information about the design and production to be able to determine the product's subsequent affordability. A goal of any prototyping and development effort is to get the project developed to the point that the agency can use firm fixed-price contract for production and/or implementation.

If full-scale development is contemplated, competitive prototyping can be used to verify that the chosen concepts are sound, to perform in an operational environment, and to provide a basis of selection of the system design concept to be continued into full-scale development, before the agency commits to large scale funding. Prototypes may range from a principal end item or critical subsystem, to a limited and less than complete development model. It is anticipated that the winning concept and contractor of the competitive prototyping evaluation will then move into full-scale development and initial production. In awarding the prototype contracts, agencies may provide different funding amounts to each contractor depending on several circumstances (e.g., particular design, the amount sought, and the concept's potential).

When using competitive prototyping in advance of full-scale development, the competitive prototyping contracts should provide for contractors to develop and submit proposals for full-scale development and initial production by the conclusion of the prototyping effort. When the agency is doing development after the prototyping effort, agencies can use fixed-price contracts in which the performance standards may vary to contain the development effort.

If only limited development is necessary, a commercial style approach can be used in which the development can be accomplished as part of a fixed-price prototype contract. This approach contains the development risk and is most appropriate in cases where the development is an extension of a commercial item or otherwise existing technology (e.g., for products that can be produced on a flexible manufacturing line).

Awarding at least two combined prototyping and development contracts provide a strong incentive for contractors to devise the highest value performance-cost tradeoff. In some cases, the contractor may choose to invest some of its own resources in development, particularly if the item has commercial as well as Government use. As when prototyping is done in advance of development, agencies may provide different amounts of funding to each contractor. As an alternative to the award of multiple combined prototype and development contracts (i.e., when at least two awards are not feasible) an agency can consider whether an upgrade of the current system (presumably requiring no more than limited development) is a realistic option that would provide competitive pressure.

A major benefit of the commercial style approach that combines development with prototyping under competitively awarded fixed price contracts is that it can avoid any need for the submission of certified cost data or compliance with Government cost accounting standards for the purposes of determining the initial price or supporting contract payments. Firms doing business in the commercial market view government demands for the submission of certified cost data, compliance with Government accounting standards and the associated burdens and risks to be among the most significant barriers to their participation in government contracting. The commercial style approach, by avoiding the need for such data and accounting, provides increased access to the Nation's integrated industrial base and the commercial assembly lines, technology, components, and procedures that can serve as the basis for achieving an agency's functional and performance objectives with only limited development.

II.4) SELECT CONTRACT TYPE AND PRICING MECHANISM

It is incumbent upon the agency IPT to clearly define the performance requirements and estimated costs for major acquisitions before RFPs are issued. This process starts with the development of the WBS to identify the requirements and the use of cost estimators and systems engineers to develop the Government cost estimate to be used in the contract negotiations. The Government cannot issue broad based statements of objectives without the basic performance standards and allow the contractors to set the scope of work and costs because the Government has not done sufficient market research and requirements definition to establish initial baselines upon which to evaluate offerors' proposals. This up-front planning work allows the Government to assess the amount of risk to the contractors and select the appropriate contract type to protect both the Government and contractors from a high probability of program failure to achieve cost, schedule, and performance goals. The objective is to negotiate a contract type and price (or estimated cost

and fee) that will result in a reasonable contractor risk and provide the contractor with the greatest incentive for efficient and economical performance. Agencies should make good use of contract type by matching the type of contract to how much risk there is to meeting the requirement. The amount of developmental risk determines how accurate the Government and the contractor's cost estimates are likely to be.

The Government's preferred contract type is Firm-Fixed Price (FFP), because this contract type is used when the risk involved is minimal or can be predicted with a reasonable degree of certainty. When used for acquisitions with minimal risk this type of contract has the greatest probability of successful achievement of its cost, schedule and performance goals. The use of an EVM system on FFP contracts is based on the nature of the work. If this type of contract is used when the acquisition has a significant amount of development work, the Government is required to include the FAR EVM requirements in the contract

Fixed-Price Incentive contracts and all cost type contracts should be used as appropriate for the type of risk as discussed in FAR Part 16. These contracts should be performance-based and completion type contracts. Earned Value is required on all of these contracts because of their inherent risk. The business case for major acquisitions that use these types of contracts must clearly explain and list the risk that cannot be mitigated and why the risk cannot be mitigated through another approach. The risk should be quantified in the cost, schedule, and performance goals.

Time and Materials and Labor Hour Contracts are not appropriate for major acquisitions that have passed the planning stage. They are to be used only when it is not possible at the time of placing the contract to estimate accurately the extent or duration of the work or to anticipate cost with any reasonable degree of confidence. These types of contracts may be imbedded in the prime contract for short duration unquantifiable work, but never used as the primary vehicle for the delivery of products or services. Earned Value is required on these types of contracts if they are used for development work.

For long-duration contracts (that cannot be broken into modules) that include significant development, it may be impossible to estimate the cost of performing the entire contract with sufficient accuracy to use a fixed price or structured incentive contract from day one. As the contract progresses and the ability to estimate the cost of performance increases, the use of such contracts becomes more practical. Therefore, it may be desirable to initiate the work with a small, short duration time and material or cost plus fixed fee contract for studies of early design, evolve to a cost plus award fee or cost plus incentive fee contract for later design and initial development, and then to a cost plus incentive fee, fixed price incentive, or fixed price contract for initial and full scale production once all development work is complete. For such contracts, it also may be desirable to negotiate the cost or price in increments. The initial estimated cost or price would be for the studies or early design. As work progresses, the estimated cost or price should be renegotiated upward at appropriate points in the contract as those costs become more predictable.

II.5) ISSUE THE SOLICITATION

Solicitations should make the most effective use of competition. Generally, increased public exposure to agency functional and performance objectives will increase not only the quantity of solicitation, but also the quality of the procurement. Solicitation exposure is important, especially when trying to expand the supplier base for major asset acquisitions beyond those few firms that regularly sell only to the Government (sometimes so dependent on Government business that a monopoly exists) to include firms with significant commercial sales.

In addition to notices in the in Federal Business Opportunities (FedBizOpps, at http://www.fedbizopps.gov) and alternative electronic means when available, the IPT should make sure that upcoming or recently released solicitations get announced in trade journals and at related conferences.

The solicitation should explain the mission need in terms of functional and performance objectives (i.e., capability targets versus equipment needs), schedule, and operating constraints. To verify that the performance standards are measurable, the IPT should develop a preliminary quality assurance surveillance plan that defines the process for measuring the standard. Performance standards that cannot be measured need to be deleted and another measurable standard developed. Offerors should be free to propose their own technical approach, main design features, sub-systems, and alternatives to schedule, cost, and functional and performance capability goals.

In developing the evaluation factors to be considered for award, agencies should make allowances for tradeoffs among technical features and between technical features and cost. Market analysis, as discussed in the Planning and Budgeting Phase, can help an agency better understand the general capabilities and the stateof-the-art available in the marketplace.

However, the IPT should not limit competition unduly by making trade-offs between price and technical factors too early in the solicitation and evaluation process.

Targets should be considered for inclusion in solicitations in

place of mandatory minimum requirements.

Market research continues until contract award. It need not be completed prior to issuing the solicitation; in fact, it may be counterproductive to do so if it results in the adoption of minimum requirements in the solicitation that severely limit the range of possible best value tradeoffs. Market research includes the information that members of the Source Selection Team and IPT gain after receipt of offers, but prior to award, as a result of reviewing offers and communications with offerors.

If an agency wanted to buy a specific fleet asset, it might try to discover every capability available in the market place and then, before issuing the solicitation, establish which capabilities it wants. A better way is to solicit for that particular asset, including any particular target performance capabilities the agency wants, and wait for the various bid offers to come in before making trade-offs.

In issuing the solicitation, agencies should consider as an evaluation factor the manner in which the offeror proposes to deal with the various risk considerations. For example, the evaluation strategy in the solicitation should prefer proposals that offer limited or no development over those that offer full-scale development.

The solicitation must require the contractor to operate and maintain an earned value management system to manage the acquisition during its performance period. The system must provide, at a minimum, monthly status reports to the agency IPT on the achievement of, or deviation from, the cost, schedule, and performance goals established for the acquisition. The solicitation for all major acquisitions must contain the appropriate FAR EVM provision for either a pre-award IBR or a post-award IBR, and the FAR EVM clause (see FAR Part 34). In addition, the agency must include the reporting requirements for the agency's oversight needs. Additional reporting may be necessary to manage programs that are not meeting goals. Non-major acquisitions should use EVM to the extent necessary to ensure the program meets its cost, schedule, and performance goals. The solicitation must also provide for the accomplishment of EVM system acceptance reviews using the National Defense Industrial Association (NDIA) Systems Acceptance Guide process for verifying a previous system acceptance or conducting an acceptance review, as needed. The schedule for system surveillance reviews should also be included.

IPTs should conduct orientation briefings for industry and allow industry to comment on the acquisition strategy and a draft solicitation. The objectives are to clarify the solicitation requirements and remove inhibitors to innovative solutions.

II.6) PROPOSAL EVALUATION AND NEGOTIATION

A Source Selection Team (SST) (whose members come from the IPT) should evaluate proposals based on the evaluation criteria in the solicitation. The SST should determine to what extent each proposal meets the criteria included in the solicitation and compare the proposals to each other based on those determinations. If appropriate, the SST should conduct negotiations with offerors to clarify and improve

proposed technical solutions and costs. The team should prepare analyses and recommendations for presentation to senior management. If a pre-award IBR is required, it must be included in the proposal evaluation process during the best value tradeoff analysis. If a pre-award IBR was not contemplated at the time of the solicitation, but the SST determines that the proposals received do not clearly demonstrate that the cost, schedule, and performance goals have a high probability of being met, an IBR can be conducted before the award is made.

In selecting from competing alternatives, the reviewers, consistent with the solicitation, should consider:

- Functional and performance capabilities of the proposed solutions in relation to the mission needs and program objectives, including resources required and benefits to be derived by trade-offs, where feasible, among technical performance, acquisition costs, sustainable design principles, ownership costs, and time to develop and field.
- The competitors' relative accomplishment record (past performance).
- Offeror's documentation from a Cognizant Contracting Officer or a Cognizant Federal Agency that
 has conducted a systems acceptance review using the NDIA EVM Systems Acceptance Guide, that
 the EVM system proposed for use meets the guidelines in ANSI Standard 748. The SST should
 ensure that the documented system is compatible with the contemplated contract and that the
 contractor will actually use it to manage the project.
- If the offeror proposes to use a system that has not been determined to be in compliance with the ANSI Standard, the offeror's comprehensive plan for compliance must be reviewed to ensure the system will likely be validated in a reasonable time to provide adequate reporting on contract status. The SST must schedule the systems acceptance review within the time established in the contract.

The contracting agency should ensure that the documented system is compatible with the contemplated contract and that the contractor will actually use it to manage the project. The contract must set a specific time for the system to be acceptable.

For long-duration contracts that include significant development, the effects of competition will drive competing suppliers to make overly optimistic estimates of the cost of performing the contract. If a contract is awarded at an estimated cost or price that is substantially less than the probable cost of performing the contract, the likelihood that the Government will receive the product or service on time and within the cost estimates is unlikely. If the contract requirements were appropriately written to reflect the true needs of the agency to meet its strategic goals and objectives, a low probable cost of performing the contract will result in the project's failure to meet essential goals. The evaluation process must require competitors to demonstrate the realism of their proposals to actually achieve the cost, schedule, and performance goals. Agencies are graded on their ability to achieve major acquisition goals, because failure to meet those goals causes budgeting and performance problems for the agency and reflects badly on the agency's and the project manager's ability to provide for the commitment to the public to be good stewards of public funds. One method to reduce the probability of acquisitions not meeting original goals is to conduct an IBR prior to the award of any contract. An IBR may be conducted on the selected offeror or on the best two offerors. If the IBR is to be conducted on the best two offerors, provision for payment to both for the conduct of the IBRs should be made. The savings from keeping competition in the process until the end of the IBRs will more than cover the cost of conducting the IBRs. Deficiencies identified by the Government evaluation team during the IBR must be conveyed to the competitor, and corrected by proposal revisions. The estimated cost or price of any resulting contract must include the cost of correcting those deficiencies.

II.7) CONTRACT AWARD

The Source Selection Authority (SSA) selects the successful contractor. If a trade-off process (see FAR Part 15.101–1) is used, the award decision should ensure that any higher price paid is worth the perceived benefits, and is within the planned funding level for the project. However, if cost, schedule, or performance parameters proposed by the contractor offering the best value to the Government do not achieve program objectives within funding limitations, the SSA should discuss the funding shortfall with the Executive Review Committee. The Executive Review Committee will then decide if the project's revised cost-benefit ratio, in comparison with other potential projects, remains large enough, given the new information, to warrant award of the contract. If not, the SSA should terminate the acquisition and evaluate how and why the process failed.

II.8) CONTRACT MANAGEMENT

The success or failure of capital asset acquisitions to achieve cost, schedule, and performance goals can significantly affect the agency's ability to maintain budget discipline and achieve its strategic plan. Program managers need visibility early on into a contract's progress to identify any problems. This allows time for contractors and the Government to implement corrective actions before significant deviation from goals results. Agency financial management and control systems should have activity based costing capability to accumulate the actual costs of the project and integrate them with performance indicators to give program managers a clear understanding of how resources are connected to results.

If corrective actions cannot be implemented to maintain the expected return on investment, the contract can be terminated with limited loss, and planning for another solution may begin promptly. Information from the contractor's management system should be incorporated in the agency's financial management and control system. The agency's system should accumulate the actual costs of the project (including both contract costs and agency program management costs) and integrate them with performance indicators to give program managers a clear understanding of how resources are connected to results. Appendix 3 provides an example of the earned value management system concept. If a pre-award IBR was not conducted, it is essential that a post-award IBR be performed as soon as practical after contract award. This IBR must be completed no later than six months after contract award. If the post-award IBR results in a change to the cost, schedule, and performance goals, the new baseline must be approved by the ERC and OMB before being implemented.

Using EVM, the contractor plans its work using a contractually specified work breakdown structure as the baseline. The objectives, tasks, services, or deliverables that must be produced by the organization are described in the work breakdown structure. The IPT ensures that the contractor plans, budgets, and schedules the work effort in time-phased "planned value" increments constituting a performance measurement baseline (time-phased budget).

The contractor assigns the planned work for cost accumulation and individual responsibility to control accounts and subsidiary work packages under the cost-control accounts. The sum of the budgets for all the work packages scheduled to be accomplished is the "planned value" of the effort. This is called the Budgeted Cost for Work Scheduled.

By integrating the responsible organization and the specific deliverables at the control account or work package level, the project manager can see the relationship between the work and the responsible resources. The program manager can pinpoint both where problems occur and the responsible party. Work that does not earn its planned value can be identified so that corrective actions can be taken and new estimates of budget needs made.

As work is completed in the work packages, it is "earned" on the same budget dollar basis as it was planned. The sum of the budgets for completed work packages and completed portions of open work packages is the earned value. This is called the Budgeted Cost for Work Performed. The cost actually incurred and recorded in accomplishing the work performed within a given time period is called the Actual Cost of Work Performed.

Measuring the amount of work accomplished against the original planned baseline and against actual costs provides critical management visibility on the achievement of, or deviation from, goals. Management systems that only track actual expenditures against planned expenditures fail to provide the key piece of management information—amount of work actually accomplished—needed to make appropriate decisions about the status of the contract. Milestones must be defined in terms of products or functions that are measurable through demonstration or observation such that the percentage of completion can be determined in terms of dollars expended for milestones at certain points in time.

Contractor accounting systems should accumulate actual costs of accomplished work, which is compared with earned value, providing a cost variance for the accomplished work and indicating whether the work is over- or under-running its plan. Planned value, earned value, and actual cost data provide an objective measure of performance, enabling trend analysis and evaluation of cost estimated at completion at all levels of the acquisition.

The EVMS will provide useful information for all levels of the management team. The contractor's EVMS will provide the following information for analysis:

- Change control
- Cost variance
- Understanding of whether technical objectives are being achieved
- Variance analysis

- Performance variance
- Schedule variance
- Identification of problem areas at both the organization and work breakdown structure levels.
- Variance at completion analysis

II.9) ACQUISITION ANALYSIS

II.9.1) Contract Performance Evaluation

The IPT should receive monthly, or more often if necessary, status reports from the contractor on the acquisition. Direct access to the contractor's EVM system, if negotiated into the contract, can substitute for or supplement formal reporting. If the acquisition is not achieving cost, schedule, or performance goals, the IPT should determine the reasons for the deviations and the corrective actions planned by the contractor. The corrective actions should be evaluated as to whether they are likely to be effective. If the corrective action cannot return the contract within goals before contract completion, it must at least ensure that the deviations will not continue to expand and that the current estimates to complete the contract are realistic.

Agencies should establish thresholds for deviation from goals that require Executive Review Committee notification when exceeded. FASA Title V requires agency head review if major acquisitions are projected not to achieve at least 90 percent of cost, schedule, and performance goals. Agencies may establish tighter thresholds. If the threshold goals will not be achieved at contract completion, the IPT should prepare an analysis of the estimated changes in cost, schedule, and performance goals and whether the acquisition would remain cost-beneficial and should continue to receive priority in comparison to other projects at the new funding levels. It is important to note that a recommendation to reduce the performance requirements also affects the amount of cost and schedule overruns. Not only has the ability to meet strategic goals and objectives been effected, but the costs and schedules are for a lesser amount of work so the deviations must be adjusted upward to reflect the lesser scope of work.

The IPT's analysis and recommendations should be evaluated by the Executive Review Committee for a determination to:

Continue the acquisition (by reallocating or seeking additional funds through OMB);

Restructure the acquisition with lower goals (and not seek additional funding); or

Terminate the acquisition.

Periodic status reports should be provided by the IPT to the Executive Review Committee on all major acquisitions, even if they are within goals. Because of changing technology, mandates, and mission, a project within goals may no longer provide the agency with the highest return on the use of the funds.

II.9.2.) OMB RMO Review

OMB's RMO staff will review status information for all major acquisitions at least once a year, or as necessary, for critical acquisitions and those other major acquisitions that are not projected to achieve 90 percent of goals. RMOs shall request a sample or all of an agency's Major Acquisition Business Case with the annual budget submission to OMB. OMB reviews the reasons for deviation from goals, the reasonableness of the corrective actions proposed, and the validity of increased cost estimates. OMB considers approving a re-baseline proposal only when the agency has provided justification, based on an IBR, demonstrating the new goals have a high probability of success and that the acquisition will still have a benefit-cost result that justifies continued funding after comparison with the other projects in the portfolio and budget limitations. Acquisitions not meeting objectives that have no acceptable plan for fixing the problems may be recommended for termination and the agency instructed to return to the Planning Phase for consideration of alternative solutions.

If OMB agrees to the new baseline and the Congress funds it, the project may measure deviations from the new baseline, but all reporting on the project/program must also show the deviations from the original baseline.

II.9.3) OFPP Assessment

OFPP is responsible, under FASA Title V, for submitting an annual assessment to the Congress on progress made by civilian agencies in achieving 90 percent of acquisition goals. The Secretary of Defense has the same requirement for Defense acquisitions. Civilian agencies must submit with their annual budget a list of all major acquisitions with the original cost, schedule, and performance goals and all deviations over 10 percent to the original baseline from the start of the acquisition to the date of the budget submission.

II.10) ACCEPTANCE

Acceptance is the final step in the Acquisition Phase. Upon acceptance of the asset, the asset moves to the Management-in-Use Phase. The IPT should ensure the asset meets the requirements of the contract. Often this will be accomplished through an acceptance test plan. Acceptance testing can be performed during and/or at the end of contract performance.

Effective testing will determine whether the agency received the benefits it anticipated and whether the system is acceptable for use in accomplishing the agency's mission. Agencies should invest adequate resources to ensure that there is a thorough test plan. A thorough plan is one that will accurately determine if the contractor's product meets all of the requirements of the contract. The plan should also determine whether the asset is capable of meeting the program needs and providing the projected benefits which supported the project. If a commercial or non-developmental item is procured, the IPT should consider using commercial quality standards or the contractor's quality system to ensure acceptability. Where appropriate, independent validation, verification, quality assurance processes, and regression testing should be required as part of testing for acceptance.

Having established a thorough test plan, managers should ensure it is followed, the tests are performed rigorously, and acceptance does not occur unless each item of the test plan is fully met. Properly conducted demonstrations evidencing the product's ability to meet the test plan and program needs and to provide the anticipated benefits are very important. Time should be planned in the contract schedule for such demonstrations.

Agencies should also ensure that unacceptable ratings with respect to contract requirements are effective disincentives to contractor's poor performance. When appropriate, agencies should withhold payment or fee depending on the contract's payment mechanisms. Agencies should also make it a policy to use accurate performance ratings in subsequent contract award decisions.

If the agency accepts the asset with deviations from the contract requirement, these deviations should be documented, including any consideration (e.g., reduction in price) received from the contractor as required by the contract. Formal contractor performance evaluations are required to be completed by the IPT at least annually and at completion of the contract. These evaluations are entered into the past performance database used by the agency.

The evaluations must reflect an accurate summary of the contractor's performance in meeting the cost, schedule, and performance goals from the beginning to the end of the contract. When entered in the past performance data base they provide a contract performance record that can be used by Government source selection teams when evaluating the contractor's potential for other contract awards.

III. MANAGEMENT IN-USE

Introduction

The Management-In-Use Phase begins after completion of the Acquisition Phase. Effective Management-In-Use requires the continuous monitoring of an Agency's inventory of capital assets to ensure they are maintained at the right size, cost, and condition to support agency mission and objectives. Management-In-Use is generally the longest phase of the investment or asset life-cycle. Ownership costs, such as operations, maintenance (including service contracts), energy use, and disposition, can often consume more than 80 percent of the total life-cycle costs. Agencies must review, properly plan for, and actively manage their investment during this phase and employ effective measures of an asset's financial and physical condition and its operational support for the agency mission. This portion of the Guide describes tools that can be used to ensure the continued viability of each capital asset to support the agency mission. Unlike other sections of this guide, the actions in the Management-In-Use Phase can occur simultaneously and some activities necessarily occur iteratively.

III.1) OBJECTIVES DURING MANAGEMENT-IN-USE

Key objectives during the Management-in-Use Phase are: 1) to demonstrate that the existing investment is meeting the needs of the agency, delivering expected value or that the investment is being modernized and replaced consistent with the Agency's enterprise architecture; and 2) to identify smarter and more cost effective methods for delivering performance and value. Thus, an operational analysis seeks to examine specific areas such as: Customer Results, Strategic and Business Results, and Financial Performance.

The following questions help reveal useful information about each area:

- Are annual operating and maintenance costs comparable to the estimates developed during the Selection, Planning, and Budgeting Phases? (Financial Performance)
- Are operational costs to the customer as low as they could be for the results delivered? (Customer Results)
- Is the asset meeting performance goals established during the Selection and Planning Phases? (Customer Results)
- Is the asset performing in accordance with the sustainable design? (Strategic and Business Result)
- Is the asset continuing to meet stakeholder needs? (Customer Results)
- Does the asset continue to meet business needs and contribute to the achievement of the organization's current and future strategic goals? (Strategic and Business Results)
- Are there smarter or more cost effective ways of deliver the functionality? (Financial Performance)

To ensure sound investment decisions throughout the life of the asset, managers at all levels must use the information derived from these types of questions.

III.2) OPERATIONAL ANALYSIS IS A KEY TOOL IN MANAGEMENT-IN-USE

Circular A-123, Management's Responsibility for Internal Control, emphasizes effectiveness and efficiency of operations as one of its three core objectives. Agencies should ensure that the appropriate controls are in place to make sure that the asset is being managed effectively. For capital investments, the greatest level of operational efficiency occurs at the asset or project level. To improve the accuracy and efficiency of operational data collection, whenever possible, an agency should employ an efficient way of collecting and analyzing operating cost and performance data.

Operational analysis is a method of examining the ongoing performance of an operating asset investment and measuring that performance against an established set of cost, schedule, and performance goals. An operational analysis is, by nature, less structured than performance reporting methods applied to developmental projects and should trigger considerations of how the investment's objectives could be better met, how costs could be reduced, and whether the organization should continue performing a particular function.

While great emphasis is often placed on meeting the budget, scope, schedule, and goals during the Acquisition Phase, developmental costs are only a fraction of the asset's total life-cycle costs. Operations is a critical area where improved effectiveness and productivity can have the greatest net measurable benefit in cost, performance, and mission accomplishment. A periodic, structured assessment of the cost, performance, and risk trends over time is essential to minimizing costs in the operational life of the asset.

Beyond the typical developmental performance measures of cost and schedule performance, an operational analysis should seek to answer more subjective questions in the specific areas of:

- Customer Satisfaction,
- Strategic and Business Results,
- Financial Performance, and
- Innovation

In addressing Customer Satisfaction, the analysis should focus on whether the investment supports customer processes as designed. The focus is on how well the investment is delivering the goods or services it was designed to deliver.

Strategic and Business Results measure the effect the investment has on the performing organization itself, and should provide a measure of how well the investment contributes to the achieving the organization's strategic goals.

In measuring the Financial Performance of an operating asset, the operational analysis should compare current performance with a pre-established cost baseline. While financial performance is typically expressed as a quantitative measure, the investment should also be subjected to a periodic—preferably annual—review for reasonableness and cost efficiency.

Addressing innovation in the operational analysis is an opportunity to conduct a qualitative analysis of the investment's performance in terms of the three previously mentioned areas. It also demonstrates that the agency has revisited alternative methods or achieving the same mission needs and strategic goals.

Operational analysis is also an opportunity to conduct a qualitative analysis of the investment's performance in a holistic fashion. The analysis should address issues such as greater utilization of technology or consolidation of investments to better meet organizational goals and also include an ongoing review of the status of the risks identified in the investment's Planning and Acquisition Phases.

Operational analysis may indicate a need to redesign or modify an asset if previously undetected faults in the design, construction, or installation are discovered during the course of operations; if operational or

maintenance costs are higher than anticipated; or if the asset fails to meet program requirements. Operational analysis may show a need to apply an improvement methodology, such as value management, to identify better ways for the asset to meet its life-cycle cost and performance goals. Such analysis may also help to identify where faulty operations are eroding the asset's ability to perform its function. Operational analysis will lose much of its benefit to the capital programming process if early warning indicators do not serve as a trigger mechanism within the agency to take corrective actions.

III.3) OPERATIONAL ANALYSIS PROCESS AND OUTCOME

The operational analysis process consists primarily of tracking and identifying the operational cost and performance of assets in the Management-In-Use Phase of their life cycle. If any of the cost, schedule, or performance variances are 10 percent or more, agencies are to provide a complete analysis of the reasons for the cost overrun or performance gap with planned actions to correct the variance and share techniques that generated the savings. Agency discussions should address lessons learned, why the problems occurred, or how the savings were realized. If the asset cost or schedule variance is +/- 10 percent and/or if the performance goals are not being met, then the project requires a more in-depth operational review in which relevant indicators will be applied for analysis purposes. The outcome of the analysis may include recommendations to redesign or modify an asset before it becomes a problem, identify areas where cost of ownership can be reduced, or potentially serve as input to the Select Review.

Regardless of performance of operational indicators, a formal operational analysis is warranted for every steady-state project. Recommendations and evaluations will be consolidated into the project's operational analysis plan. This plan will continuously be reviewed and updated as future operational analyses will be conducted yearly or on an as-needed basis.

Agencies must submit information about their data collection methods and evidence that the methods used lead to the collection and use of valid and accurate performance data. Only current, complete, accurate, and relevant data can help the agency to make informed decisions regarding the allocation of resources, compare actual vs. planned results, and provide meaningful feedback to improve the planning process. The collection and verification of accurate asset or investment data should be a priority in establishing the baseline and collecting actual operational data.

III.3.1.) Continuous Monitoring

Whether an asset is newly acquired or already operational, focus should be placed on analyzing each asset's ability to support the organizational mission. Continuous monitoring of both supply (the assets currently available in the inventory) and demand (the agency's changing mission requirements) is essential. The resulting gap analysis should be documented in the Enterprise Architecture (EA), Real Property Asset Management Plan, or other strategic planning tool.

These tools document the agency's strategy for integrating capital programming and agency mission requirements. The agency should analyze their portfolio of capital assets, set goals and priorities for the optimization of the inventory, explain their use of performance indicators and analysis in decision-making, and develop a strategic timeline outlining improvement initiatives.

Executive Order 13327, and the corresponding guidance issued by the Federal Real Property Council (FRPC) in December 2004, defines the basic descriptive elements each Agency should know about every asset in their real property inventory. All data is required to be collected at the individual, constructed asset level. In addition to the inventory data elements, the guidance also identifies four performance measures for real property. They are:

<u>Operating Costs</u>—Costs attributed to recurring maintenance and repair, utilities, janitorial and roads/grounds expenses.

<u>Facility Utilization Index (FUI)</u>—A measure of the percent of space occupied versus the designed amount.

<u>Facility Condition Index (FCI)</u>—A measure of a facility's condition at a particular point in time. The FCI rating is a ratio of the cost of repair needs of the asset divided by the current replacement value of the asset.

<u>Mission Dependency</u>—An asset evaluation process that describes the value of an asset in relation to the mission of the organization.

Analyzed separately and in combination with each other, these and other performance indicators can help the agency determine reinvestment priorities. For example, an asset with a high mission-related value, but a poor condition index requires immediate attention. Such an asset should receive funding priority over a non-mission critical asset with the same poor condition index. Conversely, an asset with low mission value and a poor condition index could be a viable candidate for disposition. These and other agency identified performance indicators are powerful tools that allow agencies to segment their entire asset portfolio in a quantitative, objective manner for analysis. This is discussed further in section III.4, Asset Disposition.

III.3.2.) Operations and Maintenance

Poorly performing assets detract from mission effectiveness by utilizing resources that could be used more effectively to support other mission priorities. If not properly managed, a capital asset's useful life can be shortened dramatically or prolonged beyond the planned termination date at high cost and risk, thereby reducing the return on the taxpayers' investment. Each asset should have an Operations and Maintenance (O&M) plan that outlines the procedures and responsibilities for scheduled preventive and regular or routine corrective maintenance.

A 100,000 square foot (sf) office building just outside of Washington, D.C. is separately metered for all utilities. The owner began comparing the facility's utility costs to properly adjusted private sector benchmarks and discovered that the asset's electricity costs were \$1.20/sf over market averages. The asset manager alerts field personnel who are able to study and correct the problem, saving over \$120,000 per year in wasted electricity charges. If the building were part of a larger facility or complex of buildings where one electricity meter monitored the entire complex, for accounting purposes the electricity costs would be allocated by square foot across the entire complex of assets (a common occurrence). The \$120,000 in wasted electricity costs is no longer easily recognizable, and never raises the red flag for management attention. Cost and energy savings such as these are one reason the Energy Policy Act of 2005, sec. 103, requires the installation of meters and advanced meters of all Federal buildings (where appropriate) by the year 2012.

- The elements of an Operations and Maintenance Plan include:
 - o For scheduled preventative maintenance:
 - Sign-offs to instill personal responsibility,
 - Training of use staff, and
 - Tracking of labor and material costs.
 - o For predictable corrective maintenance:
 - Budget expenditure for minor maintenance and repair, and
 - Maintenance contracts.

To ensure efficient operations, relevant and appropriate public and private sector benchmarks should be implemented whenever possible. For example, real property managers should benchmark an asset's janitorial costs against those of their private sector counterparts. As a reminder, benchmarks should be adjusted to reflect differences in accounting practices (i.e., capitalization thresholds or indirect costs), if necessary. Combined with strategic targets, benchmarks contribute significantly to improved performance management and informed decision-making.

Some Agencies have implemented computerized maintenance management systems (CMMS) to manage their preventive maintenance and service call workload. These systems automatically generate and track:

- Instructions and schedules for preventive maintenance
- Equipment warranty information and automatically filing claims when appropriate
- New work orders
- Service call response time and customer satisfaction
- Service call history to alert management to potential problem areas

The use of these systems allows management to measure operating performance against established goals such as system downtime, preventive maintenance hours, or backlog. Service call history along with other diagnostic tools can help managers proactively identify and correct deficiencies in advance of breakdown, reducing unexpected downtime and repair costs.

III.3.3) Post Implementation Review and Post-Occupancy Evaluation

Whereas operational analysis is a control mechanism during the operational life cycle of an asset, the Post Implementation Review (PIR) for IT projects and a similar Post Occupancy Evaluation (POE) for construction projects are diagnostic tools to evaluate the overall effectiveness of the agency's capital planning and acquisition process.

The primary objectives of a PIR/POE are:

- To identify how accurately a capital investment project meets the objectives, expected benefits, and the strategic goals of the agency;
- To ensure continual improvement of an agency's capital programming process based on lessons learned; and
- To minimize the risk of repeating past mistakes by providing quality services to business partners and customers.

Both a PIR and a POE evaluate an investment's efficiency and effectiveness to determine how well the investment achieved the planned functionality and anticipated benefits. The POE also determines if the investment supports the mission efforts and strategic plan as originally identified. It is an essential and valuable component in soliciting customer feedback and incorporating that feedback into improvements to the performance and delivery of the capital investment process.

The PIR and POE have a dual focus:

- They provide assessments of implemented investments, including an evaluation of the development process; and
- They indicate the extent to which the agency's decision-making processes are sustaining or improving the success rate of capital investments.

Team membership: The PIR and POE teams should be comprised of individuals not directly involved in the acquisition of the asset. Members can include owners and users of the asset, other personnel, and consultants.

Factors to be considered include:

Customer/User Satisfaction

- Strategic Impact and Effectiveness
- Business process support
- Investment performance
- Investment performance

Internal Business

- Project performance
- Infrastructure availability
- Standards and compliance
- Maintenance
- Evaluations (accuracy, timeliness, Program quality, adequacy of information)
- Employee satisfaction/retention

Strategic Impact and Effectiveness

- System impact and effectiveness
- Alignment with mission goals
- Portfolio analysis and management
- Cost savings

Innovation

- Workforce competency
- Advanced technology use
- Methodology expertise

To ensure that each asset is evaluated consistently, the organization should have a documented methodology for conducting these reviews. The methodology chosen must be in alignment with the organization's planning process and must build on the organization's memory. The organization should determine whether there may be better cost, benefit, and risk measures that could be established that would improve the monitoring of future projects. A mechanism should also be in place that takes the lessons learned through the PIR or POE and uses the lessons to update the Planning and Budgeting Phase decision criteria as well as the Acquisition and Management-in-Use processes.

III.3.3.1) Post Occupancy Evaluation (POE)

A Post Occupancy Evaluation (POE) is usually conducted 12 months after the construction project has been beneficially occupied. The 12-month review timeframe allows sufficient time for the customer to evaluate systems performance and relevant aspects of project delivery. Agencies, however, may perform the POE at different times to meet their unique requirements. The POE team reviews the provided information and assesses process successes as well as failures. Areas for improvement are analyzed and improvements to the process are evaluated.

Some common POE activities include:

- Commissioning
- Completing the POE questionnaire
- Analyzing the completed questionnaire
- Interviewing with key stakeholders
- Measuring performance
- Providing recommendations for process improvements

III.3.3.2) Post-Implementation Review (PIR)

The Post-Implementation Review (PIR) usually occurs either after a system has been in operation for about six months or immediately following investment termination. The review should provide a baseline to decide whether to continue the system without adjustment, to modify the system to improve performance or, if necessary, to consider alternatives to the implemented system. Some common elements reviewed during the PIR include:

- Mission alignment
- IT architecture including security and internal controls
- Performance measures
- Project management
- Customer acceptance
- Business process support
- Financial performance
- Return on investment
- Risk management
- Select and control phase performance ensuring initiative success
- Gaps or deficiencies in the process used to develop and implement the initiative
- Best practices that can be applied to other IT initiatives or the CPIC process

As a minimum, a PIR team should evaluate stakeholder and customer/user satisfaction with the end product, mission/program impact, and technical capability, as well as provide decision-makers with lessons learned so they can improve investment decision-making processes.

Even with the best system development process, it is quite possible that a new system will have problems or even major flaws that must be rectified to obtain full investment benefits. The PIR should provide

decision-makers with useful information on how best to modify a system, or to work around the flaws in a system, to improve performance and bring the system further in alignment with the identified business needs.

To minimize inadequate returns on low value or high cost IT investments, the agency will conduct periodic reviews of operational systems to determine whether they should be retained, modified, replaced, or retired. With the emergence of new business and process requirements, and new and updated technology, systems should be assessed to determine the extent to which they continue to support the agency's mission and business objectives.

III.4) ASSET DISPOSITION

Asset disposition is the culmination of previous planning, budgeting, and acquisition efforts. But the determination to dispose of a capital asset should not be an afterthought once obsolescence is reached. Agencies have established best practices in the disposition of capital assets, focusing primarily on real property and information technology assets. The methodologies presented are general and may be applicable to the disposition of other types of capital assets, e.g. motor vehicle, ship, and aircraft fleets. The laws and statutes that govern the disposition of the wide array of Federal assets vary among agencies. It is important that agencies comply with the applicable laws and statutes.

III.4.1) The Decision Process

Disposition of an asset is the culmination of the processes discussed earlier in this Guide. Projected costs of asset disposal are critical elements in the planning and budgeting for asset acquisition. The decision to dispose of an asset may be triggered by any number of events; most will be part of a systematic plan formulated in advance that integrates the asset into the agency's broader Capital Asset Plan. Beginning with mission analysis and planning for the purpose of matching capabilities to mission requirements, and continuing with ongoing analysis, criteria are established and monitored to determine the condition of the asset and how well it is performing. If an asset becomes uneconomical to keep in service or fails to meet performance criteria, the agency should critically assess the asset to determine whether it should be retired, replaced, enhanced, or refurbished.

The following questions are a starting point to assist agencies in determining whether or not any type of capital asset is a candidate for disposition. It is important that all appropriate stakeholders are involved in the decision process.

- Does the capital asset still support the mission?
- Is the asset wholly or partly unneeded?
- Is the asset being put to optimum use?
- Is the asset functionally obsolete or has it deteriorated beyond economical repair?
- Will program changes alter asset requirements?
- Is the asset used only irregularly for program use? Would a portion of the asset satisfy program needs?
- Is continued Federal ownership and operation of the property justified in light of its current use?
- Are operating and maintenance costs excessive?
- Can the asset be made available for use by others within or outside the Federal community?
- Are there security or other considerations that outweigh disposition of the asset?

III.4.2) Real Property Assets and Information Technology Considerations

The two major categories of capital assets are Real Property Assets and Information Technology Systems. Both of these capital asset types have similar life-cycles within the Federal Government. However, both types of assets also have their own unique characteristics and considerations which are explained in turn below.

III.4.2.1) Real Property Assets

Recognizing long-standing concerns of the Federal Government in the disposition of excess and unneeded property, GAO labeled Federal real property as high-risk in GAO Report Number GAO-03-122. In the report, GAO highlighted that the Federal Government's capital asset portfolio no longer effectively aligns with, or is responsive to, agencies' changing missions. Executive Order 13327, Federal Real Property Asset Management, issued on February 6, 2004, which establishes the Federal Real Property Council (FRPC), addresses many of the opportunities and challenges of asset disposition within the Federal Government. Agencies are expected to dispose of unneeded assets, in accordance with applicable statutes, to ensure that the agency real property inventory of assets is maintained at the right size, cost, and condition. Inventories should contain mission critical and mission dependent assets that are maintained in the appropriate condition and operated at the right cost.

Additional Real Property Considerations. In addition to the considerations highlighted above in section III.4.1, the following should also be considered when evaluating real property assets for disposition:

- Is the asset uneconomical to retain?
- If so, could it be sold or exchanged for a more suitable asset with lower maintenance and operating costs, at a price roughly equivalent to the value of the present asset?
- Considering the cost of acquisition or lease, moving costs, preparation of the new space, operation and maintenance costs, and the increase in efficiency of operations, can net savings to the U.S. Government be realized by relocation?
- What effect does the availability of alternative facilities, if required, have on the foregoing?

III.4.2.2) Information Technology

Growing demands for performance require increased and sharpened focus on management in use and disposition of information technology assets. Overall IT investments in steady state assets have increased in each year since 2003. During this same period, investments in development, modernization, and enhancements have trended downward. Agency Capital Planning and Investment Control processes should lead to overall reductions or stabilization in costs during the Management-In-Use of all Capital Assets.

Additional IT Considerations. In addition to the considerations highlighted above in section III.4.2, the following should also be considered when evaluating IT assets for disposition:

- Does the effect on program performance measures justify the cost to operate and maintain the asset?
- Is the asset compliant with current security, architectural, and technological standards?

III.4.3) Decision Models

Agencies are encouraged to use decision models to determine if an asset should exit the agency inventory of capital assets. Decision models define and document the decision process, ensuring a consistent application of identified criteria in deciding a course of action. As discussed earlier in this guide, the FRPC developed four performance measures (operating and maintenance costs, utilization index, condition index, and mission-dependency) to facilitate the continuous monitoring of real property assets. Agencies should apply the four performance measures to segment their portfolio and identifying assets that are candidates for disposition. A decision tree is just one of many diagnostic tools available to supplement agency portfolio analysis and provide additional information for decision-making. Specific examples of real property and IT assessment models can be found in Appendix 9.

III.4.4) Executing the Asset Disposal Plan

The procedure for disposition of an asset will depend upon the type of asset, as well as existing agency guidelines and any laws and regulations governing the disposal of that particular asset (e.g., E.O. 12999, of April 17, 1996, authorizing Federal agencies to donate excess computers and related peripheral tools directly to schools). Upon determination that an asset is a candidate for disposition, agencies must consider a broad range of regulatory requirements to ensure that all proper procedures are followed and all alternatives are considered before an asset is disposed. For example, a specialized contractor following environmental laws monitored by EPA would most likely perform hazardous material disposal, while GSA, following real property regulations, would dispose of an office building. In all cases, relevant subject matter experts, guided by internal policy and applicable laws and regulations, should work closely with agency executives to ensure cost-effective and timely asset disposal.

Once the decision to dispose is made, a number of issues must be considered, including how to remove the asset from service, planning for transition to a replacement if required, redeployment elsewhere in the agency where it may continue to provide a benefit greater than the cost, or final removal of the asset from the agency's inventory. Depending on the type of asset, disposal may be as simple as transferring the item to another agency, turning it over to GSA as excess, or demolishing it and selling it as scrap. Additional methodologies can be found in Appendix 10.

The disposition of an asset leads to the phase-out of an obsolete asset, transition to a new asset or significant enhancement to an existing asset. Due to increased risk to agency programs during the transition and the required planning and coordination the status of the asset necessarily moves from steady state to mixed life cycle. It is important that agency carefully plan the timing of an asset transition to minimize disruption to programmatic function. For IT systems, transition planning begins immediately upon deployment. After the new system has been acquired, developed, and tested, deployment takes place according to the plan developed early in the Acquisition Phase. The elements of a transition may include:

- Converting data from the old asset to the new,
- Operating both the old and new assets concurrently,
- Validating that the new system has converted old data properly,
- Ensuring users are trained on the new asset,
- Keeping the customers informed of transition progress, and
- Outlining these actions and agreements in a memorandum of understanding signed by representatives from all parties affected by the conversion.

Once an asset has exited the inventory, agencies should ensure that updates are made to budgeting, accounting, and inventory systems, as appropriate.

APPENDICES

DEFINITION OF CAPITAL ASSETS

Capital assets are land (including park lands), structures, equipment (including motor and aircraft fleets), and intellectual property (including software), which are used by the Federal Government and that have an estimated useful life of two years or more. Capital assets exclude items acquired for resale in the ordinary course of operations or held for the purpose of physical consumption such as operating materials and supplies. The cost of a capital asset is its full life-cycle costs, including all direct and indirect costs for planning, procurement (purchase price and all other costs incurred to bring it to a form and location suitable for its intended use), operations and maintenance (including service contracts), and disposal.

Capital assets may be acquired in different ways: through purchase, construction, or manufacture; through a lease-purchase or other capital lease, regardless of whether title has passed to the Federal Government; through an operating lease for an asset with an estimated useful life of two years or more; or through exchange. Capital assets include the environmental remediation of land to make it useful, leasehold improvements and land rights; assets owned by the Federal Government but located in a foreign country or held by others (such as Federal contractors, State and local governments, or colleges and universities); and assets whose ownership is shared by the Federal Government with other entities. Capital assets include not only the assets as initially acquired but also additions, improvements, modifications, replacements, rearrangements and reinstallations, and major improvements (but not ordinary repairs and maintenance). Examples of capital assets include the following, but are not limited to them:

- Office buildings, hospitals, laboratories, schools, and prisons;
- Dams, power plants, and water resources projects;
- Motor vehicles, airplanes, and ships;
- Satellites and space exploration equipment;
- Information technology hardware, software and modifications;
- Department of Defense (DOD) weapons systems; and
- Environmental restoration (decontamination and decommissioning efforts).

Capital assets may or may not be capitalized (i.e., recorded on an entity's balance sheet) under Federal accounting standards. Examples of capital assets not capitalized are DOD weapons systems, heritage assets, stewardship land, certain assets acquired for environmental cleanup efforts, and some software.

Capital assets do not include grants for acquiring capital assets made to State and local governments or other entities (such as National Science Foundation grants to universities). Capital assets also do not include intangible assets such as the knowledge resulting from research and development (R&D) or the human capital resulting from education and training, although capital assets do include land, structures, equipment (including fleet), and intellectual property (including software) that the Federal Government uses in R&D and education and training. Agencies are encouraged to use the capital programming process or elements thereof in planning for expenditures not covered by this definition, to the extent that they find it useful.

INTEGRATED PROJECT/PROGRAM TEAMS (IPTs)

Agencies should apply an integrated project and process development (IPPD) approach to manage capital assets, using Integrated Project Teams (IPTs) assigned, as appropriate, to manage the various capital programming phases or major acquisition programs within the agency. The approach of having specific teams, accountable for managing all or specific parts of the capital programming process for large projects, enjoys a successful track record in industry and Government.

A program manager with the appropriate level of knowledge, skills, and experience shall normally lead the IPT. The program manager should understand user needs and constraints, and demonstrate the ability to manage large projects to achieve cost, schedule, and performance goals. This manager should have sufficient tenure and interest in the project to provide continuity and to ensure personal accountability for her or his actions. Continuity reinforces accountability. Program managers and other senior IPT staff (e.g., contracting officer who should be assigned to the IPT from its inception and remain at least through the Acquisition Phase) should commit to remain with the project for four years or the completion of the Acquisition Phase whichever is earlier, or at least until (a) the phase that is underway is completed, or (b) a milestone during the phase is completed where accountability for success or failure to achieve goals may be assessed. When possible, senior members of the IPT should be encouraged to remain with the project from the Baseline Assessment Step of the Planning Phase into the Management-In-Use Phase.

The program manager should be provided with a written charter defining the team's responsibilities, budget constraints, and the extent of authority and accountability for accomplishing project objectives. The charter should be updated as necessary, but at least at the start of each phase, and should be based on decisions of the Executive Review Committee. Program managers should be given sufficient funding to establish an IPT to meet the charter. To keep the project moving on a tight schedule, management layers between the program manager and senior management should be limited to ensure accountability for the program manager and timely decisions from above.

The members of the IPT should be dedicated to the project and responsible to the program manager for the duration of their assignment to the IPT. Where services of team members are not needed on a full-time basis, support to the IPT should take priority over other duties. This is necessary to maintain the continuity for good management and team accountability.

The team should be cross-functional, as necessary, to accomplish the various tasks of the project. The members should reflect the user community, the project's stakeholders and should have a core knowledge of project management, value management, budget, finance, sustainable design, and procurement.

EXAMPLE OF EARNED VALUE CONCEPT

Earned value is a management technique that relates resource planning to schedules and to technical, cost, and schedule requirements. All work is planned, budgeted, and scheduled in time-phased "planned value" increments constituting a cost and schedule measurement baseline. There are two major objectives of an earned value system:

- To encourage contractors to use effective internal cost and schedule management control systems, and
- To permit the Government to be able to rely on timely data produced by those systems for determining product-oriented contract status.

The example shown here illustrates how the earned value concept works. The analysis begins with a baseline schedule showing how much work is planned for each time period. The subsequent sections show how to calculate the deviation from the planned schedule (schedule variance) and the deviation from the planned cost (cost variance).

Baseline. For this hypothetical example, the baseline plan (planned value increments) in Table 1 shows that 6 work units (A–F) would be completed at a cost of \$100 for the period covered by this report.

Table 1. Baseline Plan

Work Units	A	В	С	D	Е	F	Total
Planned Value (\$)	10	15	10	25	20	20	100

Schedule Variance. As work is performed, it is "earned" on the same basis as it was planned, in dollars or other quantifiable units such as labor hours. Planned value compared with earned value measures the dollar volume of work planned vs. the equivalent dollar volume of work accomplished. Any difference is called a schedule variance. In contrast to what was planned, Table 2 shows that work unit D was not completed and work unit F was never started, or \$35 of the planned work was not accomplished. As a result, the schedule variance shows that 35 percent of the work planned for this period was not done.

Table 2. Schedule Variance

Work Units	A	В	С	D	Е	F	Total
Planned Value (\$)	10	15	10	25	20	20	100
Earned Value (\$)	10	15	10	10	20	0	65
Scheduled Variance	0	0	0	-15	0	-20	-35 = -35%

<u>Cost Variance.</u> Earned value compared with the actual cost incurred (from contractor and agency accounting systems, not through estimation techniques) for the work performed provides an objective measure of planned and actual cost. Any difference is called a cost variance. In this example, a negative variance means more money was spent for the work accomplished than was planned. Table 3 shows the calculation of cost variance. The work performed was planned to cost \$65 and actually cost \$91. The cost variance is a negative 40 percent.

Table 3. Cost Variance

Work Units	A	В	С	D	Е	F	Total
Earned Value (\$)	10	15	10	10	20	0	65
Actual Cost (\$)	9	22	8	30	22	0	91
Cost Variance	1	-7	2	-20	-2	0	\$ -26 = -40%

Spend Comparison. The typical spend comparison approach, whereby contractors report actual expenditures against planned expenditures, is not related to the work that was accomplished and is not a valid measure of program status. Table 4 shows a simple comparison of planned and actual spending which indicates the program is under running by 9 percent. When compared to the schedule and cost variance examples under an earned value system, the management information provided below gives a false indication of true program performance.

Table 4. Spend Comparison Approach

Work Units	A	В	С	D	E	F	Total
Planned Value (\$)	10	15	10	25	20	20	100
Actual Cost (\$)	9	22	8	30	22	0	91
Variance	1	-7	2	-5	-2	20	\$9 = 9%

References:

National Defense Industrial Association (NDIA)
Program Management Systems Committee (PMSC)
ANSI/EIA 748
Earned Value Management
System Acceptance Guide
http://www.ndia.org/

National Defense Industrial Association (NDIA)
Program Management Systems Committee (PMSC)
ANSI/EIA-748-A Standard for
Earned Value Management Systems
Application Guide
http://www.ndia.org/

ACCOUNTING FOR CAPITAL ASSETS

The Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment (PP&E), revised by SFFAS No. 23, Eliminating the Category of National Defense Property, Plant and Equipment, and SFFAS 29 Heritage Assets and Stewardship Land, establishes standards for capital assets. These standards were issued by the Federal Accounting Standards Advisory Board, in which OMB subsequently published guidance in its OMB Circular A–136 Financial Reporting Requirements (August 23, 2005).

One significant objective of financial accounting standards is to support assessment of operating performance. Financial reporting should provide information to determine: (1) the cost of providing specific programs and activities, including the composition of these costs and changes over time; (2) financial inputs in relation to a program's outputs; and (3) the efficiency and effectiveness of the Government's management of its assets. To facilitate meeting these information needs, PP&E has been divided into two categories: general PP&E; and Stewardship PP&E, consisting of heritage assets and stewardship land.

For general PP&E (i.e., PP&E used to produce general Government goods and services), SSFAS 6 supports these information needs by allocating costs—including cleanup costs—of general PP&E to the periods in which the assets are used through historical cost depreciation methods. The cost is allocated to the period when it is incurred. Managerial cost accounting standards, established by SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, will result in these period costs being tied to outputs. In addition, deferred maintenance reporting will provide financial statement users with information on the condition and management of assets.

The Stewardship PP&E category consists of assets whose physical properties resemble those of general PP&E that are traditionally capitalized in financial statements. However, due to the nature of these assets, (1) valuation would be difficult, and (2) matching costs with specific periods would not be meaningful. The standards provide for a different type of reporting. SFFAS No.8, Supplementary Stewardship Reporting, superseded by SFFAS 29, requires that information on Stewardship PP&E be reported in a manner that highlights their long-term-benefit nature and demonstrates accountability over them. SFFAS 29 reclassified all heritage assets and stewardship land information as basic except for condition and deferred maintenance information, which is classified as required supplementary information (RSI). SFFAS 29 requires that entities reference a note on the balance sheet that discloses information about heritage assets and stewardship land, but no asset dollar amount should be shown.

Each agency's financial system needs to have the capability to accumulate, recognize, and distribute the cost of an agency's activities such as the costs of major acquisitions and other major programs within the agency that need to provide visibility to senior management on their total costs.

RISK MANAGEMENT

The aim of risk management is to ensure that risks are identified at project inception and their potential impacts allowed for and accepted, where possible, so that the risks or their impacts are minimized. Risk management is an integral part of project management on the project. Risk management processes are utilized from project initiation through development, maintenance and operations, and end only when the project/system is shutdown or retired.

A risk is an uncertain event or condition that, if it occurs, has a positive or negative effect on a project objective. Risk is one of those words that immediately conjures up an image of something bad, but it is important to remember that risk can provide positive benefits as well as negative ones.

Risk management is the systematic process of identifying, analyzing, and responding to project risk. The need to manage risk increases with the complexity of the investment. It is an ongoing process that requires continuous risk identification, assessment, planning, monitoring, and response. It is the responsibility of everyone on the IPT. It implies control of possible future events and is proactive rather than reactive.

Risk planning

This is the process of developing and documenting an organized, comprehensive, and interactive strategy, the methods for identifying and tracking the risk issues, developing risk handling plans, performing continuous risk assessments to determine how risks have changed, and assigning adequate resources. Projects should develop a Risk Management Plan that:

- Establishes the purpose, objective, and goals of the project,
- Assigns responsibility for specific areas,
- Describes how risks will be assessed,
- Defines the risk rating approach,
- Establishes monitoring metrics:,
- Defines how risk will be monitored throughout the project life-cycle, and
- Assesses risk.

This process involves identifying and analyzing program areas and critical technical process risks to increase the likelihood of meeting cost, performance, and schedule objectives.

• **Risk identification** is the process of examining the program areas and each critical technical process to identify and document the associated risk.

The following common areas of risk are consistent with OMB risk requirements.

- Technology—Lack of expertise, software and hardware maturity or immaturity, installation requirements, customization, O&M requirements, component delivery schedule/availability, uncertain and changing requirements, design errors and/or omissions, technical obsolescence.
- Project Schedule and Resources—Scope creep, requirement changes, insufficient or unavailable resources, overly optimistic task durations, and unnecessary activities within the schedule, critical deliverables or reviews not planned into the schedule.
- Business—Poorly written contracts, market or industry changes, new competitive products become available, creating a monopoly for future procurements.

- Organizational and Change Management—Business process reengineering acceptance by users and
 management, time and commitment managers will need to spend overseeing the change, lack of
 participation by business owners in the reengineering process, necessary change in manuals and
 handbooks, personnel management issues, labor unions, ability of the organization to change.
- Strategic—Project does not tie to the Department's mission or strategic goals, project is not part of the Department's IT Capital Planning and Investment Control (CPIC) process.
- Security—Project does not conform to the requirements of OMB Circular A–130 Management of Federal Information Resources (November 28, 2000).
- Privacy—Project does not conform to the requirements of OMB Circular A-130.
- Data—Data standards are not defined, data acquisition and/or conversion costs are unknown.
- Integration Risks
- Project Team Risks
- Requirements Risks
- Cost Risks
- Project Management Risks

Risk analysis is the process of examining each identified risk issue or process to refine the description of the risk, isolate the cause, and determine the effects. The cost of a risk event occurring can be quantified by determining its expected value (probability X impact). These costs must be included in cost estimates. A risk register should be developed and maintained. The table below provides a means by which risk identification can be easily captured, documented and analyzed.

Risk Priority	Risk Category	Date Identified	Risk Description	Risk Rating	Risk Response Strategy	Status

Risk handling is the process that identifies, evaluates, selects, and implements options in order to set risk at acceptable levels given program constraints and objectives. This includes the specifics on what should be done, when it should be accomplished, who is responsible, and associated cost and schedule. Risk handling options include assumption, avoidance, control (also known as mitigation), and transfer. The most desirable handling option is chosen, and then a specific approach is developed for this option.

Risk monitoring is the process that systematically tracks and evaluates the performance risk handling actions against established metrics throughout the acquisition process and provides inputs to updating risk handling strategies, as appropriate. After encountering problems on a program, the IPT should document any warning signs that, with hindsight, preceded the problem, what approach was taken, and what the outcome was. This will not only help future programs, but could help identify recurring problems in existing programs.

PRINCIPLES OF BUDGETING FOR CAPITAL ASSET ACQUISITIONS

Introduction and Summary

The Administration plans to use the following principles in budgeting for capital asset acquisitions. These principles address planning, costs and benefits, financing, and risk management requirements that should be satisfied before a proposal for the acquisition of capital assets can be included in the Administration's budget. The principles are organized in the following four sections:

- A. Planning. This section focuses on the need to ensure that capital assets support core/priority missions of the agency; the assets have demonstrated a projected return on investment that is clearly equal to or better than alternative uses of available public resources; the risk associated with the assets is understood and managed at all stages; and the acquisition is implemented in phased, successive segments, unless it can be demonstrated there are significant economies of scale at acceptable risk from funding more than one segment or that there are multiple units that need to be acquired at the same time.
- B. Costs and Benefits. This section emphasizes that the asset should be justified primarily by benefit-cost analysis, including life-cycle costs; that all costs are understood in advance; and that cost, schedule, and performance goals are identified that can be measured using an earned value management system.
- C. Principles of Financing. This section stresses that useful segments are to be fully funded with appropriations; that as a general rule, planning segments should be financed separately from procurement of the asset; and that agencies are encouraged to aggregate assets in capital acquisition accounts and take other steps to accommodate lumpiness or "spikes" in funding for justified acquisitions.
- D. Risk Management. This section is to help ensure that risk is analyzed and managed carefully in the acquisition of the asset. Strategies can include separate accounts for capital asset acquisitions, the use of apportionment to encourage sound management, and the selection of efficient types of contracts and pricing mechanisms in order to allocate risk appropriately between the contractor and the Government.

In addition, cost, schedule, and performance goals are to be controlled and monitored by using an earned value management system, and if progress toward these goals is not made, there is a formal review process to evaluate whether the acquisition should continue or be terminated.

As defined here, capital assets are generally land, structures, equipment (including fleet), and intellectual property (including software), and weapon systems that are used by the Federal Government. Not included are grants to States or others for their acquisition of capital assets. A complete definition is provided in Appendix 1.

A. Planning

Investments in major capital assets proposed for funding in the Administration's budget should:

- 1. Support core/priority mission functions that need to be performed by the Federal Government;
- 2. Be undertaken by the requesting agency because no alternative private sector or governmental source can support the function more efficiently;
- 3. Support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology;

- 4. Demonstrate a projected return on the investment that is clearly equal to or better than alternative uses of available public resources. Return may include: improved mission performance in accordance with measures developed pursuant to the Government Performance and Results Act; reduced cost, increased quality, speed, or flexibility; and increased customer and employee satisfaction. Return should be adjusted for such risk factors as the investment's technical complexity, the agency's management capacity, the likelihood of cost overruns, and the consequences of under- or non-performance;
- 5. For information technology investments, be consistent with Federal and agency enterprise architectures which: integrate agency work processes and information flows with technology to achieve the agency's strategic goals, reflect the agency's technology vision, specify standards that enable information exchange and resource sharing while retaining flexibility in the choice of suppliers and in the design of local work processes, and ensure that security is built into and funded as part of the enterprise architecture in accordance with OMB Memorandum M–00–07, Incorporating and Funding Security in Information Systems Investments (February 28, 2000);
- 6. Reduce risk by: avoiding or isolating custom-designed components to minimize the potential adverse consequences on the overall investment; using fully tested pilots, simulations, or prototype implementations when necessary before going to production; establishing clear measures and accountability for investment progress; and securing substantial involvement and buy-in throughout the investment from the program officials who will use the system;
- 7. Be implemented in phased, successive segments as narrow in scope and brief in duration as practicable, each of which solves a specific part of an overall mission problem and delivers a measurable net benefit independent of future segments, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time; and
- 8. Employ an acquisition strategy that appropriately allocates risk between the Government and the contractor, effectively uses competition, ties contract payments to accomplishments, and takes maximum advantage of commercial technology. Prototypes require the same justification as other capital assets.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those investments will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or there are multiple units that need to be acquired at the same time.

OMB recognizes that many agencies are in the middle of ongoing investments, and they may not be able immediately to satisfy the criteria. For those investments that do not satisfy the criteria, OMB will consider requests to use funds to finance additional planning, as necessary, to support the establishment of realistic cost, schedule, and performance goals for the completion of the investment. This planning could include: the redesign of work processes, the evaluation of alternative solutions, the development of information system architectures, and if necessary, the purchase and evaluation of prototypes. Realistic goals are necessary for agency portfolio analysis to determine the viability of the investment, to provide the basis for fully funding the investment to completion, and setting the baseline for management accountability to deliver the investment within goals.

Because OMB considers this information essential to agencies' long-term success, OMB will use this information both in preparing the Administration's budget and, in conjunction with cost, schedule, and performance data, as apportionments are made. Agencies are encouraged to work with their OMB representative to arrive at a mutually satisfactory process, format, and timetable for providing the requested information.

B. Costs and Benefits

The justification of the investment should evaluate and discuss the extent to which the investment meets the above criteria and should also include:

- An analysis of the investment's total life-cycle costs and benefits, including the total budget authority required for the asset, consistent with policies described in OMB Circular A–94 (October 1992);
- An analysis of the risk of the investment (including how risks will be isolated, minimized, monitored, and controlled), and for major programs, an evaluation and estimate by the Chief Financial Officer of the probability of achieving the proposed cost goals;
- If after the Planning Phase, the procurement is proposed for funding in segments, an analysis showing that the proposed segment is economically and programmatically justified, that it is programmatically useful if no further investments are funded, and that in this application its benefits exceed its costs; and
- Cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) that can be measured throughout the acquisition process using a performance based management system (e.g., earned value management).

C. Principles of Financing

Principle 1: Full Funding

Budget authority sufficient to complete a useful segment of a capital project (investment), or the entire capital project, if it is not divisible into useful segments, must be appropriated before any obligations for the useful segment (or project or investment) may be incurred.

Explanation: Good budgeting requires that appropriations for the full costs of asset acquisition be enacted in advance to help ensure that all costs and benefits are fully taken into account at the time decisions are made to provide resources. Full funding with regular appropriations in the budget year also leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. Full funding increases the opportunity to use performance-based fixed price contracts, allows for more efficient work planning and management of the capital project (or investment), and increases the accountability for the achievement of the baseline goals.

When full funding is not followed and capital projects (or investments) or useful segments are funded in increments, without certainty if or when future funding will be available, the result is sometimes poor planning, acquisition of assets not fully justified, higher acquisition costs, cancellation of major investments, the loss of sunk costs, or inadequate funding to maintain and operate the assets.

Principle 2: Regular and Advance Appropriations

Regular appropriations for the full funding of a capital project or a useful segment (or investment) of a capital project in the budget year are preferred. If this results in spikes that, in the judgment of OMB, cannot be accommodated by the agency or the Congress, see Principle 4 below.

Explanation: Principle 1 (Full Funding) is met as long as appropriations provide budget authority sufficient to complete the capital project or useful segment or investment. Full funding in the budget year with regular appropriations alone is preferred because it leads to tradeoffs within the budget year with spending for other capital assets and with spending for purposes other than capital assets. In contrast, full funding for a capital project (investment) over several years with regular appropriations for the first year and advance appropriations for subsequent years may bias tradeoffs in the budget year in favor of the proposed asset because with advance appropriations the full cost of the asset is not included in the budget year. Advance

appropriations, because they are scored in the year they become available for obligation, may constrain the budget authority and outlays available for regular appropriations of that year.

Principle 3: Separate Funding of Planning Segments

As a general rule, planning segments of a capital project (investment) should be financed separately from the procurement of a useful asset.

Explanation: The agency must have information that allows it to plan the capital project (investment), develop the design, and assess the benefits, costs, and risks before proceeding to procurement of the useful asset. This is especially important for high risk acquisitions. This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The construction of a prototype that is a capital asset, because of its cost and risk, should be justified and planned as carefully as the investment itself.

The process of gathering information for a capital project (investment) may consist of one or more planning segments, depending on the nature of the asset. Funding these segments separately will help ensure that the necessary information is available to establish cost, schedule, and performance goals before proceeding to procurement. If budget authority for planning segments and procurement of the useful asset are enacted together, OMB may wish to apportion budget authority for one or several planning segments separately from procurement of the useful asset.

Principle 4: Accommodation of Lumpiness or "Spikes" and Separate Capital Acquisition Accounts

To accommodate lumpiness or "spikes" in funding justified capital acquisitions, agencies, working with OMB, are encouraged to aggregate financing for capital asset acquisitions in one or several separate capital acquisition budget accounts within the agency, to the extent possible within the agency's total budget request.

Explanation: Large, temporary, year-to-year increases in budget authority, sometimes called lumps or spikes, may create a bias against the acquisition of justified capital assets. Agencies, working with OMB, should seek ways to avoid this bias and accommodate such spikes for justified acquisitions. Aggregation of capital acquisitions in separate accounts may:

- Reduce spikes within an agency or bureau by providing roughly the same level of spending for acquisitions each year;
- Help to identify the source of spikes and to explain them. Capital acquisitions are more lumpy than operating expenses, and with a capital acquisition account it can be seen that an increase in operating expenses is not being hidden and attributed to one-time asset purchases;
- Reduce the pressure for capital spikes to crowd out operating expenses; and
- Improve justification and make proposals easier to evaluate, since capital acquisitions are generally analyzed in a different manner than operating expenses (e.g., capital acquisitions have a longer time horizon of benefits and life-cycle costs).

D. Risk Management

Risk management should be central to the planning, budgeting, and acquisition process. Failure to analyze and manage the inherent risk in all capital asset acquisitions may contribute to cost overruns, schedule shortfalls, and acquisitions that fail to perform as expected. For each major capital project (investment), a risk analysis that includes how risks will be isolated, minimized, monitored, and controlled may help prevent these problems.

The investment cost, schedule, and performance goals established through the Planning Phase of the investment are the basis for approval to procure the asset and the basis for assessing risk. During the Procurement Phase, performance-based management systems (earned value management system) must be used to provide contractor and Government management visibility on the achievement of, or deviation from, goals until the asset is accepted and operational. If goals are not being met, performance-based management systems allow for early identification of problems, potential corrective actions, and changes to the original goals needed to complete the investment and necessary for agency portfolio analysis decisions. These systems also allow for Administration decisions to recommend meaningful modifications for increased funding to the Congress, or termination of the investment, based on its revised expected return on investment in comparison to alternative uses of the funds. Agencies must ensure that the necessary acquisition strategies are implemented to reduce the risk of cost escalation and the risk of failure to achieve schedule and performance goals. These strategies may include:

- Having budgetary resources appropriated in separate capital asset acquisition accounts;
- Apportioning budget authority for a useful segment;
- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which if not met may result in cancellation of the acquisition;
- Selecting types of contracts and pricing mechanisms that are efficient and that provide incentives to contractors in order to allocate risk appropriately between the contractor and the Government;
- Monitoring cost, schedule, and performance goals for the investment (or the planning segment or useful asset being proposed) using a performance-based management system, e.g., earned value management system.
- If progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds, instituting senior management review of the investment through portfolio analysis to determine the continued viability of the investment with modifications, or the termination of the investment, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives.

VALUE MANAGEMENT

The value management methodology (also known as value analysis, value engineering, value planning, etc.) should be considered for use in the Planning and Budgeting, Acquisition, and Management-In-Use Phases of capital programming. The value methodology uses a systematic job plan to identify essential functions necessary to accomplish an activity, analyze those functions, and generate alternatives to secure them at their greatest worth on a life-cycle benefit-to-cost basis. By following the process defined in the job plan, the use of the value methodology will facilitate the selection through evaluation and analysis of the "best value" alternative for those functions. The process provides plans and actions to acquire and implement the selected alternatives. The IPT may employ the use of the value management methodology in several ways including a professional value management specialist as a member of the team, using team leaders trained in the value management methodology, or using value specialists (either agency employees or industry consultants) to perform studies.

Planning Phase

This process has seven elements which define capital asset needs in terms of the performance and functional requirements necessary to meet an agency's strategic goals. The seven elements are:

- 1. Selection of the Function/Process to be studied.
- 2. Determination of why the function is performed. The need for the function itself may be questioned by asking: "What does it do?"
- 3. Information gathering. This is the collection and assembly of all necessary information concerning the selected study item. This provides an understanding of what is to be accomplished through the performance of the function and provides answers to the questions: "What does it cost?" and "What is the function worth?"
- 4. Development of alternatives. This is the single most important element of the process. The use of free imagination, tempered with experience, will develop the best ideas. In initial brainstorming sessions, all ideas, even the wildest, should be duly recorded and encouraged. Many times, the most progressive, breakthrough ideas, with the greatest payoff, will come from near or beyond the edge of the current function paradigms in the area being studied. This element provides answers to the question, "What are the different ways this function can be performed?"
- 5. Analysis of alternatives. The purpose of this analysis process is to eliminate those ideas that are technically or financially unfeasible in order to permit the selection of alternatives for further feasibility testing based on the resulting cost estimates. This element will answer the question, "What is the cost of the selected alternative?"
- 6. Feasibility testing and function verification. This determines that the selected alternative can perform the required function and is technically feasible. A viable alternative must provide the essential function performance and be capable of being implemented. This element answers three questions for each selected alternative: "Is the alternative feasible?"; "Does the alternative provide the essential function?" and "Does the alternative meet the definition of function worth?"
- 7. Implementation and follow-up. This is the selection of the final alternative, documentation of the decision, and preparation of the necessary implementation plans. Integrating schedules and funding requirements documents into the agency capital plan is part of this element.

Procurement Phase

The agency should include the FAR Part 48, Value Engineering, requirements in its contracts and actively encourage the contractor(s) to identify potential cost savings, along with schedule and performance enhancements.

Management-In-Use Phase

The use of statistical process control, Pareto analysis, and the value management function analysis methodology can be used to analyze performance data to determine whether the asset is meeting cost and performance goals, and can help identify if there are better ways for the asset to meet its life-cycle cost and performance goals.

The IPT may perform the value management function by including a professional value management specialist as a member of the team, using team leaders trained in the value management methodology, or using value process facilitators (either agency employees or commercial consultants) to perform the value management studies.

COST ESTIMATING

Introduction

Credible cost estimates are vital for sound management decision making and for any program/capital project to succeed. Early emphasis on cost-estimating during the planning phase is critical to successful life cycle management of a program/project. As requirements and approaches vary based on the Agency's mission, agencies have to develop a cost estimating capability—collecting, managing, and sharing cost data that best meets their mission needs.

This Appendix is based on the Government Accountability Office's (GAO) guide to their auditors on how to evaluate an agency's cost estimating process, and the reliability and validity of the data used to develop the cost estimates. Following these guidelines will help agencies to meet most cost estimating requirements. Individual cost estimating guides are also available from, or are in use by, several Government agencies, including several DOD Service branches, NASA, and the Department of Energy.

Cost Estimating and its Role in Managing Capital Assets

A disciplined Cost Estimating process provides greater information management support, more accurate and timely cost estimates, and improved risk assessments that will help to increase the credibility of capital programming cost estimates. Cost Estimation touches on various disciplines such as accounting, economics, management science, engineering, statistics, probability, and more. Combining these disciplines and using them effectively produces sound cost estimates which can be used in preparing annual budgets, developing net present value or other return on investment estimates, improving life cycle management of various capital assets with more reliable performance baselines and earned value management, evaluating alternatives through cost-benefit analysis, assessing risk, and so forth.

Types of Government Cost Estimates

Capital cost estimating attempts to predict future capital expenditures even though not all factors and conditions of the investment are fully defined. There are many different types of cost estimates that agencies develop for various purposes and at different phases of the life cycle. For each type of estimate, bases (ground rules) and assumptions are spelled out. Some key challenges in performing the estimates are: insufficient data are available; the program scope is not fully defined; the availability of resources is not definitive; and risks are not fully determined.

The following are types of cost estimates used in the program life-cycle:

- Conceptual Cost Estimate: This is used early in the Planning Phase of the acquisition life cycle and is often based on a one-to-one comparison with an existing system similar to the system being proposed.
- **Preliminary Cost Estimates:** This is used as more details are available and for preparing budgets.
- **Detailed or Engineering Cost Estimates:** This is a bottom-up estimate using the detailed WBS structure to price out discrete components, such as material, design hours, labor, off the shelf software, etc.
- **Definitive Cost Estimate:** This is used late in the acquisition life cycle during the Project Control Phase, based on actual cost data, available from the same system at an earlier time. The Earned Value Management concept is used to arrive at the Estimate at Completion (EAC).
- **Life Cycle Cost (LCC) Estimate**: This estimate provides the total cost to the Government of acquisition and ownership of the system over its full life time. It includes the cost of development, acquisition, support, and (where applicable) disposal.

- Independent Cost Estimate (ICE): This estimate is based on the same scope as the LCC, except that it is prepared by an independent review team using independent data sources and cost estimating approaches.
- Independent Government Cost Estimate (IGCE): This estimate is prepared for evaluating and validating contractor proposals presented during the Acquisition Phase. This is prepared from the offeror's point of view and is based on the scope of work outlined in the solicitation.

Techniques of Cost Estimating

Many techniques can be used for cost estimating, from simple arithmetical calculations, to complex mathematical models with numerous variables. Some of the techniques (as defined by DOD –DAU) are:

- **Analogy:** Used early in the acquisition life cycle based on a one-to-one comparison with an existing system similar to the system you are designing.
- **Parametric:** Uses statistical analysis from a number of similar systems and their relationship to your system.
- **Engineering:** A bottom-up estimate using the detailed WBS structure to price out discrete components, such as material, design hours, labor, etc.
- Extrapolation-from-actual-costs: Method used late in the acquisition life cycle after actual cost data are available from the same system at an earlier time.

Cost Estimating Methodology

To keep the estimate current, accurate and valid, the cost estimating process is continuously updated, based on the latest information available. As the project matures, the availability of valid data increases. The major steps in the cost estimating process are as follows:

- Based on preliminary project scope, prepare a high level Work Breakdown Structure (WBS)—generally three levels deep.
- Define the Ground Rules and Assumptions including technical, economic, schedule, business, and other factors. These assumptions need to be realistic, and continuously reviewed and updated as the scope of the project becomes better defined with the passage of time.
- Develop Data: Collect, identify, and analyze data for the cost estimate. Data (accurate, relevant, and correct confidence level) is the most important piece of the cost estimate, is time consuming to prepare properly, and includes cost drivers for the cost estimate and risk. Agencies need to develop the capability to collect, identify, and analyze data from various sources such as previous in-house projects, outside parties (professional organizations, vendors, and others engaged in the industry), various procurement/contract data, project management data, accounting/financial management systems, and other sources. Most data are in raw form and must be normalized using learning curves and other methods so that they are comparable and consistent. The normalized data are then adjusted to make them useable for the specific project. All data, including any adjustments made, should be thoroughly documented so an audit trail is established for verification purposes.
- Select/Construct Cost Model: Select the most appropriate tool/model or create a model to estimate the cost. Document factors that influence the selection process such as data and resource availability, schedule, and cost.
- Develop the Estimate: Based on the Ground Rules and Assumptions, and using the normalized/adjusted data, develop the cost estimate and the level of confidence using the various risk factors.
- Perform the sensitivity analysis: Once the estimate is developed, decision makers want and need to know how sensitive the total cost estimate is to changes in the data input. Therefore, a sensitivity analysis is performed to identify the major cost drivers for the estimate. Sensitivity analyses determine how the different ranges of estimates affect the estimates. Cost drivers are those variables that, when changed in value, create the greatest changes in cost. Generally, many initial assumptions made in the early phases of a project's definition will, in later phases, be found to be inaccurate.

- Develop Contingency Reserve: Based on the confidence level, a contingency allowance is used to cover the items of cost which are not known exactly at the time of the estimate. A Preliminary Estimate generally has a confidence level of 70 percent while a Definitive Estimate will have a confidence level of 90 percent. Contingency allowances of 30 percent and 10 percent, respectively, would be added to the preliminary estimate and definitive estimate.
- Document Cost Estimate: Explain the cost estimating process used, and document how the cost estimates were prepared so that the quality of the estimate could be determined. Perform a peer review. Proper documentation will increase credibility, facilitate information sharing, and make these estimates usable in the future.
- Update Cost Estimate: On a regular basis, keep the cost estimates current. Such quality data are needed for decision-making using "what if" models and to project the impact of alternative decisions.

Application of Cost Estimating

Capital budget estimates: Using these estimating techniques and processes, agencies can develop more reliable and accurate capital budget estimates for funding acquisition programs with realistic schedules. This may be submitted to OMB in a business case during the agency budget submission cycle.

Cost and benefit studies: Through cost and benefit studies, agencies can determine the best investments meeting the agency mission, goals, and objectives.

Life Cycle Cost: The project's Life Cycle Cost helps management to make the right decision.

Project Management: Determines the project's PMB and identify risks which are managed through the EVM technique and through pre-award or post-award IBRs.

Risk Analysis: Cost estimates at various stages of the program identify the nature of the risk and its impact on the program. As the program matures, uncertainties are reduced as the design and development processes are known. Therefore through the use of EVM, risks are managed. Management reserves are defined for the use by the Program Manager.

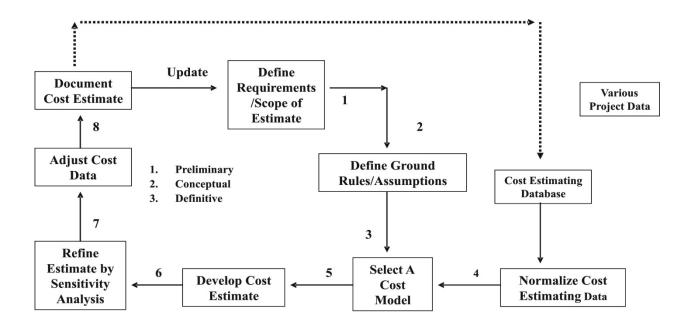
Conclusion:

Understanding the type of estimating technique is important for providing a useful estimate to the decision makers. Cost estimates are key elements of a project plan, so project personnel expend considerable effort preparing them. They provide the basis for assessing the total requirement and the recommended phasing of budgets. Obtaining accurate cost estimates can be difficult for complex projects which involve new technologies and require extensive time to complete. While managers sometimes feel pressured to provide optimistic estimates in order to obtain project go-ahead approval, a poor cost estimate can create an unexecutable plan. A project with an inaccurate cost estimate undermines the process for developing an optimal portfolio of capital projects, and when the funding shortage becomes apparent may lead to significant de-scoping or termination of the project.

References:

GAO Cost Estimating and Assessment Guide, March 2009, GAO-09-3SP

DOD/DAU—Integrated Defense Acquisition, Technology and Logistics Life Cycle Management Framework



Flow Chart Cost Estimating Model

Disposition Decision Models

Real Property Assessment Models

Disposition of an asset results in a change in its status that is accomplished through either employing a disposal option (such as sale, demolition, deconstruction or transfer) or a retention option (such as alteration for another use, doing nothing/hazard prevention, or interim leasing). Initiating a disposition program for the asset portfolio ensures that managers are able to properly identify assets that may no longer support the mission and are potential candidates for disposal, thereby freeing up resources for other uses. This applies to all assets, whether owned, leased, or acquired through another means.

Asset Prioritization

Prioritizing assets based on their importance to mission is one of the most significant criteria used in both focusing reinvestment funds and finding candidates for disposition. The adjacent diagram shows an example of a distribution of assets graphed by their importance to mission and their condition. Graphical representations such as this scatter diagram can be a useful tool in segmenting and presenting asset portfolios. Other performance indicators such as cost or utilization can also be used for portfolio analyses such as finding opportunities for consolidation.

The use of the tools such as this Asset Priority Index (API), help managers identify the most important assets, and therefore provides a logical continuum for which to direct limited funding. In addition, the use of the API is not only important in developing deferred maintenance and component renewal projects; it is equally important when planning for operations, recurring maintenance, and preventive maintenance and changes in asset status (e.g., expansion, consolidation, and disposal).

The area highlighted in the adjacent chart shows where an asset no longer supports the mission of

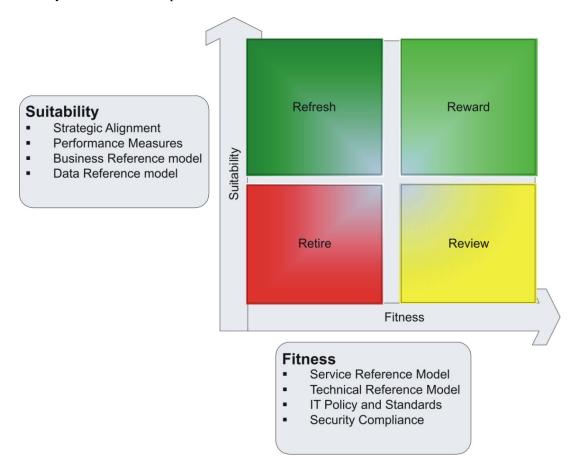
High **Asset Priority Index** Low Acceptable **Facility Condition Index** Unacceptable High Regular, Recurring Maintenance **Priority Index** Stabilize, Restore, Renew or Preventive Maintenance Replace Component Renewal Transfer or Designate for Candidate for Disposal Beneficial Use by Other (Change in Status) **Parties** Low Acceptable **Facility Condition Index** Unacceptable

the site or bureau or that has reached the end of its useful life. It is at this point in an asset's life-cycle that a manager should consider asset disposition. In this part, the disposition of an asset is considered which can result in the disposal of an asset and removal from the inventory, or retention of the asset with a change in its status within the inventory.

Traditionally, many agencies' disposal programs consist of waiting for field offices to alert management of a vacant facility. Under the concept of continuous monitoring, the disposition of an asset should be a proactive process that occurs at the portfolio level.

IT Assessment Models

A similar approach can be utilized for continuous monitoring of IT assets. The results can be used to identify candidates for disposition.



The business case for disposal is clear: resources are limited. Inefficient and underutilized assets waste those limited resources, detracting from an agency's ability to fund capital improvements and deferred maintenance for those assets critical to supporting the agency mission.

Federal Sustainability

The Federal Government has many Executive Order and statutory goals designed to protect the environment, conserve energy, minimize waste, and promote Federal leadership as good stewards of our natural resources. Sustainability has become the overarching theme for incorporating these concepts in a cost-effective and sensible manner. In November 2004 and January 2006, memoranda of understanding (MOUs) were signed by a majority of Federal agencies to consider sustainability in two major areas: electronics and buildings. The main objective of these MOUs is that the Federal Government should plan, acquire, site, design, build, operate, maintain, and ultimately dispose (or plan for reuse) of both its electronics and facilities in a manner that achieves our agencies' functional missions, uses sound financial practices, and provides a healthy and safe workplace, all while protecting and sustaining the environment. As emphasized in the introduction to the Capital Programming Guide, agencies need to consider all phases in the capital assets' lifecycle, including deconstruction or reuse. Some sustainability considerations are highlighted below.

Buildings & Facilities:

- Integrate these concepts into the design process and establish performance goals
- Use commissioning to ensure that they perform as intended
- Optimize energy performance and improve energy efficiency
- Protect and conserve water with indoor and outdoor water use strategies
- Enhance indoor environmental quality such as thermal comfort, day lighting, and use of lowemitting materials (during construction and occupancy)
- Reduce the environmental impact of materials by specifying recycled, bio-based, and energy
 efficient products; eliminate the use of ozone depleting compounds; and recycle and salvage
 construction waste

Electronics:

- Acquire computer products that are EPEAT-registered
- Ensure that energy star features are enabled on computer monitors
- Develop policies and programs to extend the life of all electronic equipment
- Plan upfront for recycling, reuse, donation or take-back at end-of-life phase

Other:

- Land use and regional planning including watersheds and airsheds
- Physical and energy security
- Sustainable materials designed for cradle to cradle with full life cycle analysis
- Flexible assemblies, design for longevity, adaptive reuse, deconstruction

Resources

MOU on Sustainable Green Buildings, 1/24/06

Energy Policy Act of 2005 (Publ. L. No. 109-58), §§ 104 and 109

Electronic Product Environmental Assessment Tool (EPEAT) (http://www.epeat.net)

USGBC Leadership in Energy and Environmental Design "LEED" (http://www.usgbc.org)

Scoring Process to Rank Proposed Capital Assets

A Example of Criteria and Scoring Process to Rank Proposed Capital Assets

	Capital Asset (1 thru n)	Weight
DECISION CRITERIA	SCORING	%
Overall Risk Factors		Weights for Risks Σ=100%
Investment Size—How large is the proposed investment, especially in comparison to the overall budget?	1510 Large Small	40
Project Longevity—Do projects adopt a modular approach that combines controlled systems development with rapid prototyping techniques? Are projects as narrow in scope and brief in duration as possible to reduce risk by identifying problems early and focusing on projected versus realized results?	1510 Non-modular Modular	30
Technical Risk—How will proposed assets be integrated into existing ones? Will proposed investment take advantage of Commercially Available and Non-Developmental Items? How will the complexity of the asset's design effect the development of the project?	1510 Experimental Established Custom Industry Standard	30
Sum of Overall Risk Factors		
Overall Return Factors		Weights for Returns Σ=100%
Business Impact or Mission Effectiveness—How will the asset contribute toward improvement in organizational performance in specific outcome-oriented terms?	1510 Low High	25
Customer Needs—How well does the asset address identified internal and/or external customer needs and demands for increased service quality and timeliness or reductions in costs?	1510 Low High	15
Quantitative Analysis—Is the benefit-cost analysis reliable and technically sound?	1510 Risky Known estimates benefits	20
Organizational Impact—How broadly will the asset effect the organization (e.g., the number of offices, users, work processes, and other systems)?	1510 Low High	25
Expected Improvement—Is the asset to be used to support, maintain, or enhance operational systems and processes (tactical) or designed to improve future capability (strategic)? Are any projects required by law, court ruling, Presidential directive, etc.? Is the project required to maintain critical operations—beneficiary checks, human safety, etc.—at a minimal operating level? What is the expected magnitude of the performance improvement expected from the asset?	1510 Tactical: Strategic: Low High	15
Sum of Overall Return Factors		
Total Risk Adjusted Score = Weighted Sum of Overall Risk Factors + Weighted Sum of Overall Return Factors		

JUSTIFICATION OF SPENDING FOR NEW CAPITAL ASSETS

Statement of Agency Mission, Strategic Goals and Objectives, and Annual Performance Plans

The Agency Capital Plan should begin with a summary of the agency mission, strategic goals and objectives, and Annual Performance Plan. This is a summary of the analysis done in Step I.

Description of the Planning Phase

The Agency Capital Plan should describe its planning process and the phase's key decision points. It should include: a description of the Executive Review Process discussed in Section I.6.1. of the Guide; the role of the IPT; and decision points in the process to determine whether assets should be acquired and whether the acquisition should be terminated if cost, schedule, and performance goals are not met.

Baseline Assessment and Identifying the Performance Gap

This section of the Agency Capital Plan should be a summary of the work done in Section 2. It should help lay the groundwork for justifying the need for new acquisitions.

- Examining the existing portfolio. An examination of the existing portfolio of assets is encouraged in order to identify capital assets currently in use and in procurement that can help meet program objectives. This analysis will be the basis for assessing where there are gaps and whether funding for new assets should be proposed. The analysis should ensure that the assets are linked to mission needs. The analysis should be across programs and bureaus to identify cross-servicing, and should be over a multi-year horizon to ensure a dynamic analysis that anticipates future changes.
- Identifying the performance gap. This section should identify the performance gap. The gap identifies the agency objectives that cannot be met with existing assets and other resources. Asset inventory and current condition information should be made available here.

Justification of Spending for Proposed New Capital Assets

Agencies are encouraged to include in their Agency Capital Plan a section that justifies proposed spending on new capital assets, using the criteria described in this Step and expanded upon in Appendix 6, Principles of Budgeting for Capital Asset Acquisitions. The main elements of these principles are incorporated in the suggested sections of the justification discussed below. Agencies should feel free to use other justification criteria as well.

As a general presumption, OMB will recommend new or continued funding only for those capital asset investments that satisfy these criteria. Funding for those projects will be recommended on a phased basis by segment, unless it can be demonstrated that there are significant economies of scale at acceptable risk from funding more than one segment or that there are multiple units that need to be acquired at the same time.

Basis for Selection of the Capital Asset

This section should justify the selection of the proposed asset.

• Statement of program objectives and functional requirements. This statement should be a summary of the analysis done in Sections I. through 1.3 as it relates to the proposed asset. The statement should identify program objectives from the annual performance plan, the performance gap, and the

functional requirements for the asset. These requirements should be defined in terms of the mission, purpose, capability, agency components involved, schedule and cost objectives, and operating constraints. The requirements should not be defined in terms of equipment or software.

- Explanation of alternative ways of meeting the program objectives. This should be a summary of the analysis in Section I.4, Alternatives to Capital Assets. It should review alternatives to meeting the program objective by means other than acquisition of the asset and explain why these alternatives were rejected.
- Explanation of why the acquisition of the proposed asset is the best alternative. This section should justify why the proposed asset is the best alternative for meeting the program objectives. It should summarize the analysis that appears largely in Section I.5, Choosing the Best Capital Asset. The explanation should be based on a benefit-cost analysis, including an analysis of life-cycle costs and an analysis of how best to identify, monitor, manage, and control risk. The explanation should also include the baseline cost, schedule, and performance goals that will be the basis for the budget request and tracking of achievement of goals and demonstrate that the Comptroller or Chief Financial Officer has evaluated the cost goals to meet the FASA Title V requirements.
- Budget projections and financial forecasts. This section should draw from the elements above to give a year-by-year forecast of total projected budget authority and outlays for the asset to ensure that all relevant costs are understood in advance. The request should provide for full funding (see Section I.7.2.2, Principles of Financing). This section should also discuss performance measures relevant to the asset, tied to agency mission and performance goals and objectives, and address cost-effectiveness.

Strategies for Strengthening Accountability for Achieving Goals

Once the acquisition is funded, the IPT is accountable for achieving the project cost, schedule, and performance goals that are the basis used to obtain approval to acquire the asset. This section should discuss the strategies that will be used to manage the project during the Procurement Phase. These strategies should include:

- Having budget authority apportioned for a useful segment, if appropriate;
- Selecting types of contracts and pricing mechanisms that are efficient and provide incentives to contractors in order to allocate risk appropriately between the contractor and the agency;
- Monitoring cost, schedule, and performance goals for the project—or the useful segment being proposed—using an earned value management system (Earned value is described in Appendix 3);
- Establishing thresholds for cost, schedule, and performance goals of the acquisition, including return on investment, which, if not met, may result in termination of the acquisition;
- Management actions if progress is not within 90 percent of goals, or if new information is available that would indicate a greater return on investment from alternative uses of funds (senior management review of the project should be instituted to determine the continued viability of the project with modifications, or the termination of the project, and the start of exploration for alternative solutions if it is necessary to fill a gap in agency strategic goals and objectives); and
- Proactive risk management approach and a process for identifying, analyzing, and monitoring risks throughout the life-cycle of the investment.

Staff Requirements

This section should discuss the management staff, both in-house and contracted, needed by the agency to manage the Acquisition Phase and the operations and maintenance staff projections, both in-house and contractor, for the Management-In-Use Phase.

Timing Issues, if Involved in a Multi-Agency Acquisition

Agencies are encouraged to explore multi-agency acquisitions where feasible. This section should discuss the timing of the support to be provided to the acquisition by the various agencies involved in the acquisition. These include the timing of fund transfers to the lead agency and the timing of use of the asset by the various agencies.

Plans for Proposed Capital Assets Once in Use

The Agency Capital Plan should discuss the costs associated with the asset's procurement, management-inuse, and ultimate disposal, and how these costs will be tracked by program managers.

Summary of Risk Management Plan

Planning, budgeting, and procurement of capital assets is not always a smooth process. In spite of careful planning, there are normally disruptions to the process, and the analysis of alternative ways of meeting program objectives should respond to disruptions quickly. The risk management plan developed in Section I.5.5 should be summarized in the Agency Capital Plan.

(This example is hypothetical, and does not represent the program or activity of any Federal agency.)

AGENCY STRATEGIC PLAN (ASP)	Year 1 Budget Year (BY)	Year 2 BY +1	Year 3 BY +2	Year 4 * BY +3
<u>Mission</u> : prevent loss of life	ASP Submitted			
Outcome Goal: By year 4, hurricanes will cause 50 percent fewer fatalities than in Year 0 (100).	ASP Submitted			Goal measured**
Outcome Objectives: By year 4, the Neptune satellite will be operational. Predictive accuracy at 24 hours pre-landfall will increase from current 100 mile landfall range to 15 miles; and estimated barometric pressure (hurricane strength) at landfall will be within 3 millibars compared to current 25 millibar standard.	ASP Submitted			Objectives measured**
Description of resources, technologies, assets needed to achieve goals and objectives.	1 Neptune satellite	1 Booster rocket to launch Neptune satellite		1 Neptune II satellite
ANNUAL PERFORMANCE PLAN (APP)				
Outcome Goals and objectives measured.				Goals Referenced in ASP Program performance measured**
Output Goals defined and measured.		Satellite: - Issue RFPs for components - Evaluation - Award contracts	Satellite: - Assembly - Test - Acceptance Booster Rocket: - Issue RFP - Evaluation - Award contract	Satellite - Launch - Made fully operational Booster rocket: - Test - Acceptance - Launch satellite
Description of resources, technology, assets needed to achieve goals			1 Neptune satellite	1 Booster rocket
AGENCY CAPITAL PLAN				
Outcome Goal				Goal Referenced in ASP & APP
Output Goals				Goals Referenced in ASP & APP
Asset Procurement Goals	Neptune Satellite: - Capital Plan submitted - Funds included in budget - Congress appropriates	Satellite: - Issue RFPs for components - Evaluation - Award contracts Booster Rocket: - Capital plan submitted - Funds included in budget - Congress appropriates	Satellite: - Assembly - Test - Acceptance Booster Rocket: - Issue RFP - Evaluation - Award contract	Neptune II Satellite: - (Steps before including budget request for Neptune II satellite in Capital Plan.) Booster rocket: - Test - Acceptance - Launch satellite

^{*} A revised/updated Strategic Plan would be required by year 4. Replacement satellite required, as Neptune I class satellite has 3 year operational life.

** Achievement of outcome goals and objectives in Strategic Plan is determined by including those goals and objectives in an Annual Performance Plan for the appropriate year, and using the Program Performance Report (or Accountability Report) to record and report on actual performance ompared to the goals.

GLOSSARY

Appropriations. An appropriation provides budget authority that permits Government officials to incur obligations that result in immediate or future outlays of Government funds.

Regular annual appropriations. These appropriations are:

- Enacted normally in the current year;
- Scored entirely in the budget year; and
- Available for obligation in the budget year and subsequent years if specified in the language (see "Availability," below).

Availability. Appropriations made in appropriations acts are available for obligation only in the budget year unless the language specifies that an appropriation is available for a longer period. If the language specifies that the funds are to remain available until the end of a certain year beyond the budget year, the availability is said to be "multi-year." If the language specifies that the funds are to remain available until expended, the availability is said to be "no-year." Appropriations for major procurements and construction projects are typically made available for multiple years or until expended.

Assets. Tangible or intangible items owned by the Federal Government which would have probable economic benefits that can be obtained or controlled by a Federal entity (adapted from SFFAS No. 6, Elements of Financial Statements, and Kohler's Dictionary for Accounting).

Baseline Goals. Baseline cost, schedule, and performance goals will be the standard against which actual work is measured. They will be the basis for the annual report to the Congress required by FASA Title V on variances of 10 percent or more from cost and schedule goals and any deviation from performance goals. The goals, and any changes to the goals, must be approved by OMB.

- Cost and schedule goals. The baseline cost and schedule goals should be realistic projections of total cost, total time to complete the project, and interim cost and schedule goals. The interim cost and schedule goals should be based on the value of work performed or a comparable concept. Appendix 3 illustrates the earned value concept for establishing cost and schedule goals, one of several concepts that could be used.
- **Performance goals.** A target level of performance against which actual achievement or progress can be compared, preferably expressed as a tangible, measurable objective or as a quantitative standard, value, or rate. This can include goals containing key milestones or goals framed as a position relative to the past or relative to peers.
- Illustrative major milestones in establishing goals. Illustrative major milestones in establishing or proposing revised baseline goals could be:
 - o Agency mission analysis, process design, and requirements development;
 - o Agency submission and justification to OMB;
 - o Approval for inclusion in the Administration's budget proposal to the Congress;
 - o Enactment of appropriations;
 - o Before and after the contract or contracts are signed; and
 - o Other times after the contracts are signed, depending on circumstances.

Budget Authority. Budget authority (BA) is the authority provided by Federal law to incur financial obligations that will result in outlays. Most budget authority for acquisitions is in the form of appropriations; other types are contract authority, authority to borrow, and spending authority from offsetting collections. This definition of budget authority is consistent with the definition contained in Section 3(2) of the Congressional Budget and Impoundment Control Act of 1974, as amended by the Omnibus Budget and Reconciliation Act of 1990. Section 20.4 of Circular A-11 explains budget authority in more detail.

Capital Assets. See Appendix 1.

Capital Programming. See OMB Circular A–11, Part 7 definition on page 2.

Capital Project and Useful Segments of a Capital Project. The total capital project, or acquisition of a capital asset, includes useful segments that are either planning segments or useful assets.

Planning segments. A planning segment of a capital project provides information that allows the agency to develop the design; assess the benefits, costs, and risks; and establish realistic baseline cost, schedule, and performance goals before proceeding to full acquisition of the useful asset (or canceling the acquisition). This information comes from activities, or planning segments, that include but are not limited to market research of available solutions, architectural drawings, geological studies, engineering and design studies, and prototypes. The process of gathering information for a capital project may consist of one or more planning segments, depending on the nature of the asset. If the project includes a prototype that is a capital asset, the prototype may itself be one segment or may be divisible into more than one segment.

Useful asset. A useful asset is an economically and programmatically separate segment of the asset or whole asset that may be procured to provide a useful asset for which the benefits exceed the costs, even if no further funding is appropriated. The total capital asset procurement may include one or more useful assets, although it may not be possible to divide all procurements in this way. Illustrations follow:

<u>Illustration 1</u>. If the construction of a building meets the justification criteria and has benefits greater than its costs without further investment, then the construction of that building is a "useful segment." Excavation is not a useful segment because no useful asset results from the excavation alone if no further funding becomes available. For a campus of several buildings, a useful segment is one complete building if that building has programmatic benefits that exceed its costs regardless of whether the other buildings are constructed, even though that building may not be at its maximum use.

<u>Illustration 2</u>. If the full acquisition is for several items (e.g., aircraft), the useful segment would be the number of complete aircraft required to achieve benefits that exceed costs, even if no further funding is available. In contrast, some portion of several aircraft (e.g., engines for five aircraft) would not be a useful segment if no further funding is available, nor would one aircraft be a useful segment if two or more are required for benefits to exceed costs.

<u>Illustration 3</u>. For information technology, a module (the information technology equivalent of "useful segment") is separable if it is useful in itself without subsequent modules. The module should be designed so that it can be enhanced or integrated with subsequent modules if future funding becomes available.

Commercially Available Off-The-Shelf (COTS) Item. Any item, other than real property, that is of a type customarily used by the general public for nongovernmental purposes, and that has been sold, leased, or licensed to the general public; is sold, leased, or licensed in substantial quantities in the commercial marketplace; and is offered to the Government, without modification, in the same form in which it is sold, leased, or licensed in the commercial marketplace.

Cost. Defined in SFFAC No. 1, Objectives of Federal Financial Reporting, as the monetary value of resources used. Defined more specifically in SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, as the monetary value of resources used or sacrificed or liabilities incurred to achieve an objective, such as to acquire or produce a good or to perform an activity or service. Depending on the nature of the transaction, cost may be charged to operations immediately (i.e., recognized as an expense of the period) or to an asset account for recognition as an expense of subsequent periods. In most contexts within SFFAS No. 7, Accounting for Revenue and Other Financing Sources, "cost" is used synonymously with expense. See also, "Full Cost."

Efficiency measures. While outcome measures provide valuable insight into program achievement, more of an outcome can be achieved with the same resources if an effective program increases its efficiency. Agencies are encouraged to develop efficiency measures. Efficiency gains may be described as maintaining a level of performance at a lower cost, improving performance levels at a lower cost, improving performance levels at the same cost, or improving performance levels to a much greater degree than costs are increased. Simply put, efficiency is the ratio of the outcome or output to the input of any program.

Full Cost. All direct and indirect costs to any part of the Federal Government of providing goods, resources, and services (OMB Circular A–25: User Charges (July 8, 1993)). The total amount of resources used to produce the output. More specifically, the full cost of an output produced by a responsibility segment is the sum of: (1) the costs of resources consumed by the responsibility segment that directly or indirectly contribute to the output; and (2) the costs of identifiable supporting services provided by other responsibility segments within the reporting entity and by other reporting entities (SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government).

Funding. There are two types of funding for projects: (1) Full funding means that appropriations are enacted that are sufficient in total to complete a useful segment of a capital project (investment) before any obligations may be incurred for that segment. When capital projects (investments) or useful segments are incrementally funded, without certainty if or when future funding will be available, it can result in poor planning, acquisition of assets not fully justified, higher acquisition costs, projects (investments) delays, cancellation of major projects (investments), the loss of sunk costs, or inadequate funding to maintain and operate the assets. Budget requests for full acquisition propose for full funding. (2) Incremental (annual) funding means that appropriations are enacted that only fund an annual or other part of a useful segment of a capital project (investment). OMB or the Congress may change the agency's request for full finding to incremental funding in order to accommodate more projects in a year than would be allowed with full funding.

Information Technology. Section 5002 (3) of the Clinger-Cohen Act defines information technology as follows:

- "(3) INFORMATION TECHNOLOGY.
- (A) The term "information technology", with respect to an executive agency means any equipment or interconnected system or subsystem of equipment, that is used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information by the executive agency. For purposes of the preceding sentence, equipment is used by an executive agency directly or is used by a contractor under a contract with the executive agency which (i) requires the use of such equipment, or (ii) requires the use, to a significant extent, of such equipment in the performance of a service or the furnishing of a product.
- (B) The term "information technology" includes computers, ancillary equipment, software, firmware and similar procedures, services (including support services), and related resources.
- (C) Notwithstanding subparagraphs (A) and (B), the term "information technology" does not include any equipment that is acquired by a Federal contractor incidental to a Federal contract."

Information Technology Systems for National Security. Section 5142 of ITMRA defines a national security system as follows:

- "(a) DEFINITION. In this subtitle, the term "national security system" means any telecommunications or information system operated by the United States Government, the function, operation, or use of which:
- 1. involves intelligence activities;
- 2. involves cryptologic activities related to national security;
- 3. involves command and control of military forces;
- 4. involves equipment that is an integral part of a weapon or weapons system; or

- 5. subject to subsection (b), is critical to the direct fulfillment of military or intelligence missions.
- (b) LIMITATION. Subsection (a)(5) does not include a system that is to be used for routine administrative and business applications (including payroll, finance, logistics, and personnel management applications)."

Integrated Project Team (IPT). Integrated Project Team means a multi-disciplinary team led by a project manager responsible and accountable for planning, budgeting, procurement and life-cycle management of the investment to achieve its cost, schedule, and performance goals. Team skills include: budgetary, financial, capital planning, procurement, user, program, architecture, earned value management, security, and other staff as appropriate.

Life-cycle Costs. Life-cycle costs of an asset are all direct and indirect initial costs, including planning and other costs or procurement; all periodic or continuing costs of operation and maintenance; and costs of decommissioning and disposal.

Nation's Integrated Industrial Base. The Nation's integrated industrial base includes those companies with facilities, design and manufacturing processes, and technologies capable of servicing both commercial and Government needs.

Non-Developmental Item (NDI). Any previously developed item of supply used exclusively for governmental purposes by a Federal agency, a State, or local government that requires only minor modifications or modifications of a type customarily available in the commercial marketplace.

Outcome Measure. Outcomes describe the intended result of carrying out a program or activity. Outcome measure indicates progress against achieving the intended result of a program. Indicates changes in conditions that the Government is trying to influence.

Outlay. The issuance of checks, disbursement of cash, or electronic transfer of funds made to liquidate a federal obligation. Outlays also occur when interest on the Treasury debt held by the public accrues and when the Government issues bonds, notes, debentures, monetary credits, or other cash-equivalent instruments in order to liquidate obligations. Also, under credit reform, the credit subsidy cost is recorded as an outlay when a direct or guaranteed loan is disbursed.

Output Measure. A type of measure, specifically the tabulation, calculation, or recording of activity or effort usually expressed quantitatively. Outputs describe the level of activity that will be provided over a period of time. Outputs refer to the activities or products of a program. While output measures can be useful, there must be a reasonable connection between outputs used as performance indicators and outcomes. Agencies should select output measures based on evidence supporting the relationship between outputs and outcomes, or in the absence of available evidence, based on a clearly established argument for the logic of the relationship.

Performance budget. A budget presentation that clearly links performance goals with costs for achieving a target level of performance. In general, a performance budget links strategic goals with related long-term and annual performance goals (outcomes) with the costs of specific activities to influence these outcomes about which budget decisions are made. The Performance Budget/Annual Performance Plan is either used to structure or is a part of the agency's budget submission to OMB and the agency's Congressional Budget Justification.

Performance Measurement. A means of evaluating efficiency, effectiveness, and results. A particular value or characteristic used to measure progress toward goals, and also used to find ways to improve progress, reduce risks, or improve cost-effectiveness.

Portfolio. A set of programs, projects or other work grouped together to meet strategic goals and objectives.

Program Risk-Adjusted Budget (PRB). The total budget that represents the amount of resources and schedule expected to be needed to cover the risk of cost and schedule overruns to meet a 90 percent probability of project/program success. It is an amount held at a level above the program level to be released to the program when needed to cover risk that was not identifiable through an IBR, but that history indicates will cause cost and schedule overruns from the Performance Measurement Baseline through no fault of the program management process.

Program. An ongoing initiative composed of a group of projects and other work managed in a coordinated way to obtain benefits not obtained from managing them individually.

Project. A temporary endeavor to create a unique product or service with a start date, a completion date, and a defined scope.

Strategic Goal. A statement of aim or purpose that is included in a strategic plan. Strategic goals articulate clear statements of what the agency wants to achieve to advance its mission, and address relevant national problems, needs, and challenges. Each performance goal should relate to the strategic goals of the agency.

Support Costs. Costs of activities not directly associated with production. Typical examples are the costs of automation support, communications, postage, process engineering, and purchasing.

Target. Quantifiable or otherwise measurable characteristic that tells how well or at what level a program aspires to perform.

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RECOMMENDATION TEMPLATE

For properties to be considered for recommendation to the Public Buildings Reform Board fill out the fields below, describing in further detail where provided. Refer to the attached Instructions Sheet for more details. If recommending a disposal, Section 5 does not apply. Demolition requests are not to be submitted for a disposal recommendation.

For each property being recommended, email the completed form along with property photos to: FASTrecommendation@gsa.gov

RECOMMENDATION SUMMARY	
Property Name:	
Real Property Unique ID (RPUID):	
Street Address:	
City:	
State:	
Zip Code:	
Number of Improvements:	
Total Square Footage of Improvements: Total Acres:	
Total Acres.	
Land Holding Agency:Bureau:	
Agency Point of Contact Name:	
Title: Email:	
Recommendation Type (check all that apply): Disposition ☐ Consolidation/Co-location ☐ Reconfiguration ☐ Redevelopment	
High Value Candidate: Yes ☐ No ☐	
Summary of Project Scope:	
Agency Priority Ranking: High Medium Low	
Recommendation Funding Request Amount (if applicable)	

SECTION 1: OWNERSHIP Title (choose one): Fee Lease Hold Leased Fee
Are title documents readily available? Yes No How If yes, provide the date the property was acquired How portions of property been disposed? Yes No If yes, provide the date and disposition method
Known Legal Actions: Is the property subject to any current legal actions? Yes ☐ No ☐ If yes, describe
Known Encumbrances: Indication any known encumbrances associated with the property and further describe below (check all that apply) Permits Licenses Existing Tenants/Outleases Easements None
Known Reversionary Interests: Describe any known reversionary interests associated with the property
SECTION 2: MARKETABILITY
Land: Identify the total number of acres on the property:
<i>Improvements:</i> Identify any improvements associated with the property. If multiple improvements exist, provide information (RPUID, Building Size, Year Built, and Condition) for each improvement. Attach additional pages, if needed.
RPUID: Total Number of Improvements: Building Size (total square feet):
Year Built: Condition: Good
Predominant Surrounding Land Uses (check all that apply)
Commercial Office Industrial Residential Open Space
Campus Location/Military Base Airport/Airfield Mixed Use
Is the property part of a larger federal campus? Yes \(\square\) No \(\square\)

Location: Urban/CBD [] Suburban [] Rural []
Indicate the approximate distance to the nearest Central Business District (CBD) 0-5 Miles 5-10 Miles 10-25 Miles Greater than 25 Miles
Estimated price/square foot of surrounding property (for sale):\$ Estimated price/square foot of surrounding property (for lease):\$
Is the current location critical to mission need? Yes No If Yes, describe:
Access: Does the property have any access issues (i.e., landlocked) Yes No
Utilities: Are utility services available and actively used? Yes \(\square \) No \(\square \) If no, approximate date of last known use or utility service shut off (if applicable):
Environmental Condition: Check the box to indicate known issues with the following environmental categories (check all that apply). Further describe the nature of the issue with each and provide a list of studies completed to make this determination (i.e. environmental baseline survey/ASTM Phase 1). Copies of these documents do not need to be provided at this time. Hazardous Substance Releases Petroleum Releases Underground/Aboveground Tanks
Asbestos Lead-Based Paint PCBs Radon Pesticides Insecticide Use Mold Existing Land Use Controls, Restrictions Other Environmental Concerns (i.e., Unexploded Ordnance)

Can you certify the property is safe for human health and environment by providing a signed Hazardous Substance Activity Certification Form ¹ ? Yes \(\subseteq \text{No} \subseteq \)
Do you have a cost to complete these actions, where required? Yes _ No _ If yes, provide the estimated cost: \$
Cultural Resources & Natural Environment: Check the box to indicate known issues with the following cultural resource and natural environment categories (check all that apply). Furthe describe the nature of the issue with each and provide a list of studies completed to make this determination. Documents do not need to be provided at this time. Historic/Cultural Resources Floodplain Wetlands/Vernal Pools Threatened/Endangered/Candidate Species Coastal Zone Management
Estimated Value: Does an estimate of fair market value for the property exist? Yes \(\subseteq \text{No} \subseteq \)
If yes, provide date completed and amount: Date: Amount: \$
If known, provide the tax assessed value of the property: \$
Competing Interests: Describe any interested parties who have expressed interest in ownership of this property (i.e., state/local governments, nonprofits, local redevelopment authorities or development corporations)
Additional Information: Provide any additional information you believe to be relevant to the property that has not previously been captured in any of the fields above.
SECTION 3: AGENCY MISSION Current Use: Describe the current use of the property

¹ A signed form does not need to be provided at this time, but indication of ability to provide is required. A sample form can be viewed in the Instruction Sheet: Appendix A

Current Mission: Does the property currently align with the agency's mission? [P.L. 114-287 Sec 11(b)(3)(F)] Yes ☐ No ☐
If no, is the property currently on the agency's 5-year Reduce the Footprint plan? Yes \square No \square
Public Access: Will the implementation of the recommended action impact access to public services? [P.L. 114-287 Sec 11(b)(3)(J)] Yes ☐ No ☐
<i>Economic Impacts:</i> If the recommended action takes place, will there be an economic impact on surrounding communities? [114-287 Sec 11(b)(3)(H)] Yes \(\subseteq \text{No} \subseteq \text{Describe your answer below:} \)
Mission Consolidation: Are there opportunities to consolidate current mission operations with similar operations across multiple agencies or within agencies? [P.L. 114-287 Sec 11(b)(3)(G)] Yes ☐ No ☐ Describe your answer below.
Energy Consumption: Will energy consumption be reduced by the disposal, consolidation, colocation, reconfiguration, or redevelopment of the property? [P.L. 114-287 Sec 11(b)(3)(I)] Yes \(\subseteq \text{No} \subseteq \text{Describe your answer below.} \)
SECTION 4: FINANCIAL INFORMATION Provide the following information for properties that are direct leased or leased from GSA:
Total Square Footage Occupied: \$ Total Annual Rental Expense: \$ Total Annual Rental Income: \$ Total Contract Rent: \$ Total Government Investment Costs: \$ Annual Government Leased Cost Avoidance:\$
Cost Savings: Describe the extent and timing of potential cost and savings, including the number of years, beginning with the date of completion of the proposed recommendation [P.L. 114-287 Sec 11(b)(3)(D)]
Cost Avoidance: Can operating and maintenance costs be reduced through consolidating, colocating, and reconfiguring space, or through the realization of other operational efficiencies? [P.L. 114-287 Sec 11(b)(3)(B)] Yes ☐ No ☐

SECTION 5: UTILIZATION RATES

P.L. 114-287 Sec 11(c) Standards developed by the Director of OMB pursuant to subsection (b) shall incorporate and apply clear standard utilization rates to the extent that such standard rates increase efficiency and provide performance data. The utilization rates shall be consistent throughout each applicable category of space and with nongovernment space utilization rates. To the extent the space utilization rate of a given agency exceeds the utilization rates to be applied under this subsection, the Director of OMB may recommend realignment, colocation, consolidation, or other type of action to improve space utilization.

If recommendation is for any action other than a disposal, provide the information below.

Utilization Rate: Space Category - Office: Yes No	
If Yes, provide current utilization rate ²	and planned rate
If No, provide the following information: Space Category: Current Utilization Rate: Planned Utilization Rate:	

² Reference Standard Utilization Rate for Office Buildings in the Instruction Sheet for more information

SECTION 6: RECOMMENDATION

Provide a justification for the recommended action. Reference the Instructions Sheet for more information.

Employee Assistance Program

SUPERVISOR'S GUIDE





"I called the EAP for advice on helping an employee who was having difficulties at home. I immediately spoke with a professional who helped me make a plan of action. Now my employee and my whole team are thriving."

A Supervisor's Guide to the Employee Assistance Program (EAP)

Your organization depends on you to advance its mission. Your employees rely on you to provide consistent leadership. In today's constantly changing work environment, this can pose a challenge. Being an effective leader means motivating your employees so they are productive, satisfied, and dedicated to their work. However, sensitive issues can arise occasionally and you may need some assistance in handling them. For example:

- A formerly reliable employee begins arriving very late several times a week
- A valued employee passes away
- Conflict arises between members of your work group
- You are notified of a pending reduction in force (RIF)
- Violence breaks out on the job

- You begin to suspect an employee is experiencing personal problems at home
- You suspect an employee is either drinking or abusing drugs on the job
- You are responsible for a new project and you're not sure how to build a productive team

When unique issues arise, it can be hard to decide the best course of action. But you are not alone. The EAP has experienced, licensed, and trained professionals available to respond to a range of workplace issues 24 hours a day, 7 days a week.

WHAT IS THE EAP?

Federal Occupational Health (FOH) provides your organization's EAP.
The EAP is a professional service that provides problem solving, coaching, information, consultation, counseling, resource identification, and support to all employees.

The EAP works in partnership with managers to complement and enhance your strengths.

The program helps improve productivity, morale, and employee motivation by providing timely support to both managers and employees.

The EAP is designed to help you with any concern or issue. Remember, the EAP is your 24/7 resource.

Remember, the resources of the EAP are available for you, as a manager and an employee, whether you have a personal issue or a management-related concern.

The EAP is completely confidential in accordance with state and Federal laws.

This guide gives you an overview of how the EAP can be used as a tool to support your work as a manager.

WHEN SHOULD I CALL THE EAP?

The EAP is a proactive management tool that you can use for a myriad of situations.

It offers a private source of expert consultation quickly and conveniently. You should use the EAP whenever you encounter a work situation that makes you wonder: "How should I handle this? When should I talk to this employee? What is the most appropriate action for this situation?"

When you call the EAP, you will be connected to a master's level,

licensed EAP professional, who will listen to your concerns and help you make a plan for addressing them. The EAP consultant will help guide you, as a supervisor, to services you need, from making an employee referral for counseling to dealing with a workplace crisis.

The EAP helps you navigate:

- Productivity concerns
- Relationship issues
- Performance and conduct concerns
- Managing crises in the workplace
- Alcohol and substance abuse issues
- Absenteeism concerns

The EAP helps managers:

- Support employees and enhance productivity
- Choose the best response in difficult situations
- Consider legal and ethical concerns
- Identify issues before they become problems

AN OVERVIEW OF EAP SERVICES

For Managers:

Available 24/7 – You can call the EAP 24 hours a day, 7 days per week, 365 days a year.

Consultation by Telephone – Talk with experienced EAP consultants by telephone about management issues or concerns and they will help you develop and apply solutions.

Management Coaching – The EAP offers coaching to help managers

build strong leadership skills, improve team performance, and improve overall organizational performance.

On-Site Leadership Presentations

– The EAP offers orientations and seminars for managers. Topics include coping with downsizing, the multigenerational workforce, and alcohol and other substance abuse.

Workplace Incident Management

 When there is an incident or crisis that affects the workplace, the EAP is there to provide onsite support for managers and employees.

Information and Resources – The EAP provides information on many topics that will help you better understand situations affecting your co-workers and subordinates. Some of the topics include work/life balance, alcohol and other substance abuse, domestic violence, depression, communication, and grief and loss.

Assistance with Employee Referrals – The EAP is available to advise you when it becomes necessary to make an informal or a formal written referral to the EAP. We will help you through the

process and coordinate related services as necessary.

EAP Web Site – You can access educational materials and an assortment of valuable resources through the EAP Web site, www. FOH4You.com. You'll find child and eldercare providers in your local area, educational articles, self-

assessments, interactive presentations, and much more.

AN OVERVIEW OF EAP SERVICES

For Employees:

- 24-hour access by telephone
- Identification of needs
- Brief face-to-face counseling
- Legal consultations
- Financial consultations
- Child and elder care resources
- Identity theft resources
- Health and wellness presentations
- Community resources and referrals
- Web site resources

HELPING YOUR EMPLOYEES

How can you tell when an employee is in trouble? Usually, when employees are having difficulties, job performance or conduct suffers. The best way to determine whether your employees' personal problems are affecting job performance is to look for habitual patterns of behaviors in the following areas:

Absenteeism – Taking leave without authorization, frequent tardiness, leaving early, increase in requests for days off, patterns of calling in sick

Presenteeism – Being at work but not fully engaged and productive due to distractions with personal health, emotional, or life issues

Decreased Productivity – Work quality and/or quantity declines, inconsistent work practices, missed

deadlines, impaired concentration or confusion

Change in Attitude or

Appearance - Unusual behavior, increased irritability, unexplained crying, isolation, increased agitation, extreme weight loss or gain, poor hygiene, change in appearance

Change in Relationships – Sudden complaints from co-workers about behavior, avoidance of others, unexplained oversensitivity, unexplained resentful behavior

Safety Concerns – Increased accidents, inattentiveness to safety procedures, behavior that suggests alcohol intoxication and/or drug abuse, violent behavior

DOCUMENTING PERFORMANCE ISSUES

If you notice negative patterns of behavior or performance issues, you should:

Document – Document performance by keeping a written record of absences, conflicts with others, missed deadlines, changes in the quality of work, or other signs of poor productivity. Also document any conversations you have with the employee.

Call the EAP - Call the FAP at 1-800-222-0364 (1-888-262-7848 TTY) for consultation and coaching on how to talk with the employee about performance and how to make an EAP referral.

Contact Your Manager - Your manager will provide consultation and inform you of past practices.

Contact Your Human Resources Department - Your HR representative

can inform you about policies and procedures you need to follow.

REFERRING EMPLOYEES TO THE EAP

If you determine that an employee needs help, consult with the EAP to determine which type of referral is needed. Remember, referring an employee to the EAP for support and direction allows you to demonstrate your concern and compassion, while remaining squarely in the "manager" role with a focus on productivity and initiating disciplinary action, if need be.

When you and an EAP consultant conclude that an employee could benefit from one-to-one support, there are two kinds of referrals you can make.

The Informal Referral – Just let the employee know that you are concerned and provide him or her with the EAP phone number, EAP Web site address, and/or brochure. Tell the employee that the EAP contact is confidential and available for help and support.

If you need help making an informal referral, the EAP is available to walk you through the process.

The Formal, Written Referral - You can make a formal, written referral to the EAP as part of your effort to deal with employee job performance or conduct issues that seem to arise from personal problems.

The EAP can assist you in making a formal, written referral. While employee participation in the EAP is voluntary, your recommendation of the EAP, along with an employee's concern about job stability, can be motivating factors for an employee to seek help. What is discussed between the employee and EAP consultant is confidential. However, if you allow the employee to use work time for an appointment you may be informed as to whether or not the employee kept the appointment, and the time frame involved. The duration of an appointment is typically one hour.

A WORD ABOUT CONFIDENTIALITY

EAP consultants will only release information with the written consent of an employee, or as mandated by law in special situations. Under the law, the EAP is required to report abuse of children and vulnerable adults, threats of serious harm to others, potential suicide, and threats to national security. These situations are carefully outlined to employees during their first EAP session.

Sometimes, employees are hesitant to call the EAP because they are concerned about their privacy.

As noted, under certain conditions, the EAP may notify a supervisor that an employee kept an appointment with the EAP. The EAP consultant will not discuss any other personal information with an employee's supervisor. If the employee signs a Release of Information or

Authorization to Use or Disclose Protected Health Information (AUD) form, the supervisor may be informed about follow through with appointments, the dates of the appointments, and whether the employee has complied with the EAP counselor's recommendations

The EAP is a confidential service in accordance with Federal and local law. Reminding employees about this may help them feel more comfortable using the services of the FAP.

Managing a Crisis – When there is a crisis that affects the workplace, employees can be left with feelings of fear, grief, anxiety, and stress. These feelings are normal at such times; however, they can lead to a decrease in employee health and productivity.

Crises that affect the workplace include natural or other traumatic disasters, sudden or violent death of an employee (on or off the job), violence or threat of violence, or workplace aggression.

Stress responses to a crisis can result in increased absenteeism or presenteeism, disability issues, and/or increased workplace accidents and errors.

The EAP will provide onsite assistance when there is an incident affecting the workplace.

FOH's EAP has a national cadre of licensed mental health professionals who are specially trained in trauma and crisis response, generally called Critical Incident Stress Management (CISM). Crisis response or CISM activities may include emotional first aid, debriefings, stress management, grief support, management and business consultation, and educational information.

WORKPLACE INCIDENT MANAGEMENT

EAP's workplace incident response services are available 24 hours a day, 7 days a week, 365 days a year.

These services include:

- Critical incident needs assessment
- Management consultation on incident response
- Responsive onsite support services by licensed clinicians
- EAP and community resource referrals
- Organizational and workplace recovery consultations
- Educational sessions on stress, grief, and coping
- Reduction in force or reorganization planning and services

Examples of workplace incidents may include:

- Workplace injury or accident
- Natural or other traumatic disaster
- Robbery, assault, rape, or suicide of an employee
- Serious or terminal illness of employee
- Major organizational changes

COMMON QUESTIONS AND ANSWERS

Q: What should I do if I think an employee has an alcohol or other substance abuse or misuse problem?

A: As a manager, you are responsible for ensuring that the workplace remains productive. Therefore, any concerns that you have about an employee should directly relate to workplace performance or conduct.

Document workplace behavior and performance issues, such as absenteeism, diminished performance, and changes in co-worker relationships. Recognizing signs of substance abuse isn't always easy, and remember it is not your role to diagnose. Call the EAP to discuss your concerns. It is also a good idea to contact your Human Resources department to determine if there are any other steps you should take.

Q: What should I do if there is a threat or actual violence?

A: This poses real risks to your staff. Violence can take many forms and

includes aggressive and intimidating behavior; harassment; verbal, physical, and insinuated threats; actual assault; throwing objects; destroying property; and vandalism. Also, domestic violence can follow an employee to the workplace and pose a threat to the entire staff.

Consult with HR and security personnel. Consult with the EAP about how our consultants can partner with other agency resources. If a critical incident has already occurred, the EAP will respond quickly with necessary resources.

In an emergency, call 911 immediately or the emergency number designated by your agency or facility.

Q: An employee is really down. I think she's depressed and it's affecting her work. What should I do?

A: As a manager, you are responsible for ensuring workplace productivity. This employee's workplace performance has deteriorated, so it's appropriate for you to take some action.

Depression, which can be a complex and prolonged illness that should be diagnosed and treated by a mental health professional, can take a toll on an employee's health, personal life, and professional life. If you address an employee's performance or conduct problems, it can prompt the employee to examine underlying health issues. Call the EAP for more information about how to talk to an employee who may be depressed.

EDUCATIONAL MATERIALS

Educational materials and resources are available as a complement to the EAP services we provide. Many are available in both print and electronic format. Please call the EAP or your Human Resources department to request materials.

Our publications include:

- EAP posters
- EAP wallet cards
- EAP brochures, including information on our other services, like legal and financial
- Wide-ranging educational materials are available on the EAP Web site, www.FOH4You.com, including:
 - Library of articles
 - Interactive self-assessment tools
 - Financial calculators
 - Legal resources
 - Library of podcasts and webinars on various topics
 - Quarterly newsletter with helpful behavioral health and wellness information for employees
 - Monthly email campaigns to raise health and wellness awareness

ADDITIONAL RESOURCES

The EAP offers a variety of health and wellness presentations that cover subjects such as stress management strategies, contending with change, effective communication, civility in the workplace, navigating loss, and the dynamics of addictions. Call today for information on available presentations and how to schedule one.

Online Presentations at www.FOH4You.com:

- We Care, Just Call Employee
 Orientation to the EAP
- A Supervisor's 24/7 Resource
 Supervisor Orientation to the EAP
- Stress Management: Building Resiliency
- When Life Changes
- And more...

MORE QUESTIONS? CALL THE EAP

Remember, whenever you have a concern about how to address a management issue, call the EAP at 1-800-222-0364 (TTY 1-888-262-7848) or visit the Web site at www.FOH4You.com.





FOH Publication No. 13.0078 Printed December, 2012

For more information call 1-800-222-0364 (1-888-262-7848 TTY), or visit our website at www.FOH4You.com

Federal Occupational Health is a division of U.S. Department of Health and Human Services

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20. Supervisory Certification. I certify that this is an accurate statement of the major duties and responsibilities of this position and its organizational relationships, and that the position is necessary to carry out Government functions for which I am responsible. This certification is made with the knowledge that															
a. Typed Name and Title Gerard E. Badorre	of Immedi ek					Timoti	ny O. Horne		visor or Ma	nager (opt	ional)				
Chief Financial Of	ficer					Acting	Administra	ator							
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Classification/Job Grading Certification. I certify that this position has been classified/graded as required by Title 5. U.S. Code, in conformance with standards published by the U.S. Office of Personnel Management or, if no published standards apply directly, consistently with the most applicable published standards. Typed Name and Title of Official Taking Action															
Shonna R. James Director of Execut		secruos	(CSSX)			Inform	ation for F	mployees. The s	landards	and inf	ormation on their				
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Director

Office of Analytics, Performance, and Improvement (OAPI) Office of the Chief Financial Officer ES-0501

JOB DESCRIPTION

This position offers the opportunity to have government-wide impact in a senior finance role with an empowered, dynamic and innovative team within the Office of the Chief Financial Officer (OCFO). As Director of the Office of Analytics, Performance, and Improvement (OAPI) you will play a critical role in transforming how the General Services Administration (GSA) utilizes financial data, develops and operationalizes management strategy, and measures and reports performance data.

The GSA OCFO is now implementing Phase Two of a broad and encompassing transformation initiative targeting increased efficiency, greater effectiveness, and improved accountability for performance. The Director of OAPI is a new position intended to bring new capabilities to the General Services Administration. The position reflects the CFO's decision to focus resources on financial analytics, performance management, and strategic planning to drive positive change and data-driven decision-making throughout GSA.

The CFO is seeking a Director of OAPI with senior financial expertise, strong business acumen, a driven work ethic and ambitious achievement goals to join our senior leadership team. This team has a mandate to achieve strategic priorities and is empowered to drive financial management change to create efficiencies, streamline processes and improve customer satisfaction.

The Director is responsible for the overall management and development of the GSA strategic plan and annual performance plans that guide all GSA activities. GSA is a large government organization that encompasses an annual spend of \$20B+, 205,000 fleet vehicles, and a nationwide building portfolio that includes 8,000+ owned or leased assets, more than 350M rentable square feet of workspace, and 600+ owned and leased historic properties. The Director will also be tasked with the integration of business and financial analytics across OCFO, as well as all financial data management and delivery. The Director will bring knowledge of industry best practices in strategic planning, performance measurement, data management, and analytics to the role, and achieve improvements in these core OCFO functions.

This role requires frequent interaction and collaboration with GSA's executive leadership team. The Director of the OAPI will work with leadership in the Public Building Service and Federal Acquisition Service to perform analysis related to expenditure and revenue forecasting and operational / systems performance. The Director will also be responsible for understanding and anticipating customer needs, and tailoring analytics products to immediately impact customer business processes.

POSITION OVERVIEW

As part of the broader OCFO transformation, OAPI was created in FY 2015 to consolidate previously disparate data management, data delivery, financial and business analytics, strategic planning, and performance management functions from across OCFO into one organization. The Director will have responsibility for codifying operating norms and making targeted improvements to accuracy, customer service, and delivery. The direct reports to this position include Division Directors of PBS Analytics, FAS Analytics, Data Delivery and Management, Continuous Process Improvement, GSA Analytics, and Strategic Planning and Performance Management.

MAJOR RESPONSIBILITIES

- Oversee OCFO's Financial Data and Information Management Activities. The Director of OAPI is responsible for leading all financial data and information management activities at OCFO. In general, the Director is responsible for maintaining a data management and delivery program that accurately captures financial data elements and provides information and insight to program leaders. The Director will oversee financial data management activities that include;
 - Establishing accounting data elements and creating accounting templates and cost center codes:
 - Liaising to GSA CIO and Chief Data Officer, and Business Lines for all projects related to financial systems, interfaces and applications;
 - Managing functional and technical requirements for Business Objects (OCFO, BIEDW) environments, FMIS and BIRT reporting for standard financial reports with other offices within OCFO;
 - Determining design strategy and advising on the automation/generation of standard queries/universes/reports;
 - Supporting/assisting other OCFO offices with financial data mining and/or automating service management reports.
- 2. Design and Deliver Effective Business and Financial Analytics for Internal GSA Customers.
 The Director of (OAPI) is responsible for overseeing the Analytics Divisions in their missions to provide business line customers with accurate, comprehensive, and timely financial information. The Director is responsible for conducting studies and collaborating with PBS and FAS leadership to understand analytics requirements and developing the systems, reporting structures, and standard operating procedures to deliver on those requirements. Specific analytics functional responsibilities include:
 - Oversight of the development and delivery of PBS rent estimates.
 - Assessment and completion of PBS funds from operations reporting.
 - Management of the Occupancy Agreement Billing System for PBS.
 - Budget execution and status of funds reporting for FAS portfolios.
 - Review and assessment of FAS monthly statements of operations.
 - Liaison responsibilities for FAS internal controls, audit, and open items reviews.
 - Ad hoc financial analytics requests from PBS, FAS, or Staff Offices.

In addition to business line and staff office-specific analytics responsibilities, the Director of OAPI also oversees the completion of multiple GSA-wide initiatives, reports and analyses. These responsibilities currently entail project management for implementing DATA Act standards, development of OCFO Service Level Agreements (SLA's) and creation of SLA dashboards, FedStat benchmarking analyses, and OCFO customer satisfaction survey. The

- Director of OAPP will be responsible for expanding the current state of GSA-wide metrics performed by the Office, training staff to enhance existing analytics competencies, and marketing OAPP services to business line and GSA leadership.
- 3. Lead Enterprise Performance Management and Strategic Planning. The Director of OAPI serves a unique role as the integrator and expert on enterprise-wide analytics, planning and performance management activities across GSA. The Director oversees the completion of all OMB A-11 requirements including the GSA Strategic Plan and Annual Performance Plans, as well as, the newly issued OMB enterprise risk management requirements for federal agencies. The Director analyzes and improves enterprise management processes and determines how to best leverage performance data in strategic and operational decision making.
- 4. Serve as the Executive Sponsor for GSA Continuous Process Improvement. The Director of OAPP leads the GSA Continuous Process Improvement (CPI) program, including the review and analysis of critical business process issues across the Agency. This role requires close collaboration with GSA business portfolios, regions, and support offices to review and evaluate existing processes, design new business processes, and define associated system requirements. This role also requires an innovative perspective and the ability to leverage best practices from other private and public sector organizations, as the CPI Program conducts research and identifies innovative operational processes and trends that might affect specific GSA business line and support office strategies, business assumptions and opportunities, performance measurements, and process improvements.
- 5. Ensuring EEO Outcomes. The Director of OAPI is responsible for furthering the EEO program within the Office of Analytics, Performance, and Improvement, assuring Equal Opportunity in recruitment, selection, promotion, training, awards, assignments, and special program objectives to effectively utilize the strength of a diverse workforce.

STOCK Act Frequently Asked Questions

Below you will find a list of questions and answers dealing with the Periodic Transaction Report. If you have any questions about this new periodic transactions reporting requirement, please contact the Ethics Law Staff at 202-501-0765.

1. Who is required to file a Periodic Transaction Report?

All employees who are required to file Public Financial Disclosure Reports (often referred to as an OGE Form 278e) are required to file a Periodic Transaction Report.

2. What must be reported on a Periodic Transaction Report?

You must report any sale, purchase, or exchange of stock, bonds, commodities futures, or other forms of securities owned or acquired by you, your spouse, or dependent children if the amount of the transaction exceeds \$1,000.

You are **not** required to report the purchase, sale, or exchange of excepted investment funds (such as mutual funds), real estate, treasuries, life insurance, annuities, cash accounts, and assets in a retirement system maintained by the United States such as the Thrift Savings Plan (TSP) on your Periodic Transaction Report. Although these transactions are not required to be reported on a Periodic Transaction Report, many of them are reportable within the Transaction part (Part 7) of your annual or termination Public Financial Disclosure Report (such as mutual funds and certain real estate interests). **Therefore**, see **Question 6** below for a discussion on why you may choose to report these types of transactions on a Periodic Transaction Report anyway.

3. Do I need to report my spouse and dependent children's transactions on the periodic transactions report?

Yes, as of January 1, 2013, you are required to include your spouse and dependent children's assets on a Periodic Transaction Report.

4. When must a Periodic Transaction Report be filed?

The STOCK Act requires employees to file a Periodic Transaction Report within 30 days of being notified of a transaction, but in no circumstances later than 45 days from the date of the actual transaction. Periodic transaction reporting is therefore subject to two different deadlines. Because of the STOCK Act, you need to file a Periodic Transaction Report:

- Within 30 days of you receiving notification of a transaction, <u>but</u>
- No later than 45 days after the transaction occurs.

For example, if you receive an online confirmation of a transaction on the day it occurs, you will have to file your Periodic Transaction Report with the Ethics Law Staff within the next 30 days.

Sometimes, however, you may not receive notification of a transaction right away. In that case, the 45 day deadline can shorten the period for filing your report. For example, if you received notification on August 7th of a transaction which occurred on July 3rd, you would have to file your periodic transactions report by August 17th, 45 days from the date of the actual transaction. Please see the last three pages of this guidance document for additional examples of the 30 and 45 day rules.

Remember: Whenever you receive immediate notification of a stock transaction, you will have 30 days to complete and submit your Periodic Transaction Report within Integrity.gov. The 45 day rule only comes into play if you do not receive immediate notification of a stock transaction.

Because of the 30 and 45 day rules, GSA strongly encourages you to receive monthly statements from your broker detailing your transactions. If you only receive quarterly statements, you may end up violating the periodic transaction reporting requirement of the STOCK Act because you may not be notified of a transaction until after 45 days have passed. Under this provision of the STOCK Act, the longest you have to report a transaction is 45 days from the date of the transaction.

While adhering to the 15th of the month deadline will generally ensure that you meet the 30 and 45 day requirements, it is possible in rare circumstances you may have to report transactions before the 15th in order to ensure the transactions are reported within the 30 and 45 day requirements.

5. If I have no reportable transactions, do I need to submit a negative Periodic Transaction Report?

No. You only need to submit a Periodic Transaction Report if you have reportable transactions. You are not required to file a negative Periodic Transaction Report if you do not have reportable transactions.

6. Do I need to make duplicate filings of transactions on both the periodic transactions reports and subsequent annual or termination Public Financial Disclosure report?

As long as you have listed a transaction on a Periodic Transaction Report, there is no need to list that same transaction within the Transactions part (Part 7) of your annual or termination Public Financial Disclosure Report.

7. How do I report my periodic transactions?

You must assign yourself a Periodic Transaction Report and submit the report within Integrity.gov. In order to assign yourself a report, you must:

- -- Login into Integrity.gov
- -- Click on "278-T within the "My Tools" section on the "My Tasks" page
- -- Type in your "position" information
- -- Select the Start button

8. What will GSA do with my Periodic Transaction Report?

GSA must make all Periodic Transaction Reports public within 30 days of the reports being received by the agency. Within 60 days of receipt, the Ethics Law Staff will review the periodic transaction reports to ensure there are no conflicts between the reported transactions and your position.

9. Can GSA grant me an extension for filing a Periodic Transaction Report?

Yes, GSA can grant an extension for filing a Periodic Transaction Report for good cause, such as being on extended sick leave.

10. Does the \$200 late fee apply to the Periodic Transaction Reports?

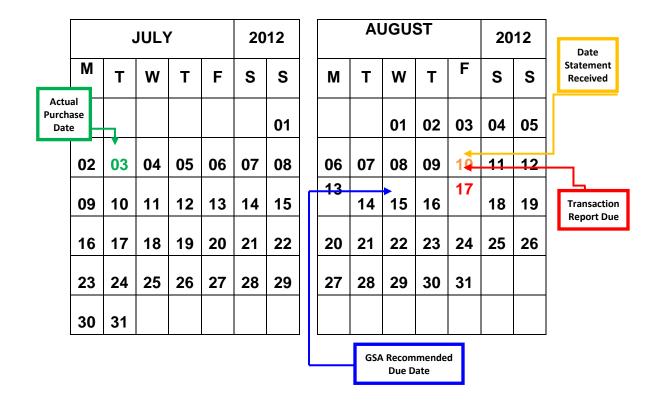
Yes. The \$200 late filing fee is applicable to Periodic Transaction Reports, though not to individual transactions. If you file your Periodic Transaction Report in a timely manner, and inadvertently omit a purchase or sale from the report, you will not be subject to the \$200 late fee for omitting the transaction as long as you can demonstrate you attempted in good faith to comply with the applicable disclosure requirements and merely made an inadvertent error or omission.

Additional Examples of the 30 and 45 day rules:

Example 1 (30 day rule): You purchase stock on July 3, 2012, and received notice of the transaction on that same day (as noted in green below). Because you received notice of the stock purchase on July 3, 2012, you must submit your Periodic Transaction Report by August 2, 2012, due to the 30 day requirement (as noted in light blue). By adhering to GSA's recommended due date of the 15th, you would report this transaction on your Periodic Transaction Report filed on July 15, 2012.

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	30	31														
GSA Recommended Due Date																

Example 2 (45 day rule): You receive a statement on August 10 (as noted in orange below) regarding a purchase made on July 3 (as noted in green below), you must report the purchase on or before August 17 (as noted in red below). Although the 30 day period from notification ends on September 9, the 45 day period from the date of the transaction ends earlier. You may not file your transaction report more than 45 days after the date of your actual transaction, regardless of when you were notified of the transaction.



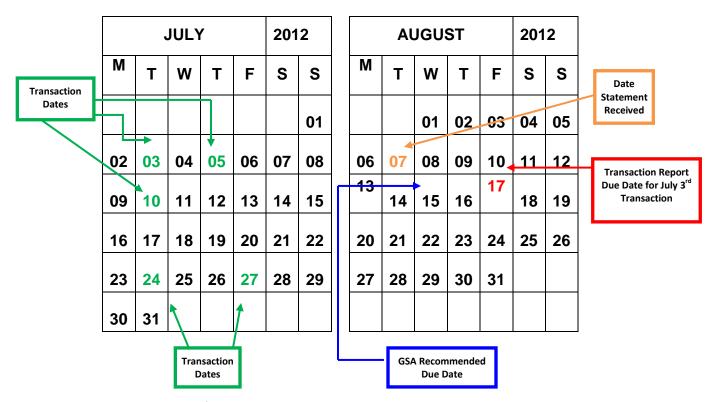
Example 3 (30 and 45 day rule): When you have multiple transactions which occur in one month, it can be confusing, as illustrated in this example.

You receive a statement from your broker on August 7, 2012 (noted in orange below), regarding five transactions which occurred on July 3, 5, 10, 24, and 27 (these transactions are noted in green below). You must complete a Periodic Transaction Report for transactions identified above as follows:

- For the July 3rd transaction, you must file a Periodic Transaction Report with the Ethics Law Staff by August 17, 2012 because that is 45 days from the date of that transaction.
- For the July 5th transaction, you must file a Periodic Transaction Report with the Ethics Law Staff by August 19th, again because of the 45 day rule.
- For the July 10th transaction, you must file a Periodic Transaction Report with the Ethics Law Staff by August 24th because of the 45 day rule.
- However, you would have to report your July 24th and July 27th transactions by September 6th, because of the 30 day rule. As noted earlier, a filer must report transactions within 30 days of receiving notification of a transaction but in no case more than 45 days from the date of the actual transaction. Since you were notified of the July 24th and July 27th transactions on August 7th, you will have 30 days from the date of notification to submit your Periodic Transaction Report because the 30 day period from notification is sooner in time than the 45 day period from the transaction itself. Thirty days from August 7th is September 6th.

If you then receive an email notification from your broker on August 10, 2012, of another transaction that occurred on that same day, your Periodic Transaction Report for that transaction would be due by September 9, 2012, which is 30 days from the date of the notification.

If you adhere to GSA's recommended due date, you would include these transactions on your Periodic Transaction Report due August 15, 2012. Your August 15, 2012, periodic disclosure report would be timely with regard to all of these transactions because they occurred within the past 45 days and notification occurred within the past 30 days.



While adhering to the 15th of the month deadline will generally ensure that you meet the 30 and 45 day requirements, it is possible in rare circumstances you may have to report transactions before the 15th in order to ensure reportable transactions are reported within the 30 and 45 day requirements.

If you have any questions on the STOCK Act, please contact the Ethics Law Staff at (202) 501-3516.



Presidential Innovation Fellows Advisory Board Meeting Tuesday, March 21, 2017 2:00-3:00 p.m. EEOB 208

WAVES: https://events.whitehouse.gov/form?rid=GKFVGB6YPB

Meeting Purpose

Second convening of the Presidential Innovation Fellows (PIF) Advisory Board per the <u>TALENT Act</u> to discuss priorities and recommend projects and placements for PIFs.

Attendees

- Dustin Brown, Acting Deputy Director for Management, Office of Management & Budget
- Rob Cook, Commissioner, Technology Transformation Service, General Services Administration
- Arianne Gallagher, Presidential Innovation Fellows Co-Founder
- Margie Graves, Acting Federal Chief Information Officer
- Tim Horne, Acting Administrator, General Services Administration
- Michael Kratsios, Deputy U.S. Chief Technology Officer
- Kathleen McGettigan, Acting Director, Office of Personnel Management
- Nathan Olson, Acting Director, Presidential Innovation Fellows

Agenda

• Convening the Advisory Board

- a. Current Advisory Board Membership (until non-Acting members are in place) the PIF Advisory Board (Board) membership will include: Dustin Brown, Margie Graves, Tim Horne, Michael Kratsios, and Kathleen McGettigan. Additional non-member attendees shall include: Nathan Olson, Rob Cook, and Arianne Gallagher.
- b. Board Chair Designation and Role. Consistent with the TALENT Act, the GSA Administrator shall designate a Board Chair. At the November 2016 meeting of the Board, the group decided that the individual in the CTO role would serve as chair. The chair (or designee) shall be responsible for establishing regular meetings and developing and distributing meeting materials and agenda.

• PIF Program Update

- a. PIF Overview / Fact Sheet
- b. Spring 2017 cohort of approximately 15 new PIFs will be pushed to late summer 2017; offers cannot be extended with hiring freeze and start date dependent on PIF Leadership hiring as well.

• PIF Leadership Hiring

- a. PIF Director currently slated as a term SES position (note: previous PIF Director was a Schedule C political appointee). GSA expected to post and compete announcement soon, but offer cannot be extended with the hiring freeze.
- b. 2 PIF Deputy Directors currently slated as Smarter IT hires; cert cannot be issued with hiring freeze and offers cannot be extended with hiring freeze.

• Priority Projects

- a. Current, active projects
- b. Projects in the pipeline
- c. Project recommendations from board membership

• Other Items

Current, active projects

- Treasury: cybersecurity & emerging technologies
- **FBI:** threat sharing ecosystem & private sector risk mitigation
- National Cancer Institute: standing up cross-NCI innovation center
- NIH / National Center for Biotechnology Information: re-imagining a user-centered product portfolio
- Commerce / National Telecommunications and Information Administration: community connectivity
- **DHS:** Countering Violent Extremism Task Force social media strategy & outreach
- **DOD:** DIUx strategy & tech outreach
- **GSA:** challenge.gov & Innovation Portfolio

Projects in the pipeline

- Intelligence Advanced Research Projects Activity (IARPA): intelligence community innovation
- USAID: user-centric design for Center for Global Solutions
- State: foster and institutionalize collaboration between a community of nonproliferation experts from academia and NGOs and experts from the tech sector to explore how new technologies could be used to address existing and future national security challenges related to the proliferation of WMD
- NIST: increasing private investment in launching new technologies
- **Department of Transportation:** potential projects include work around data, automation, Smart Cities, transportation for access to opportunities, standards and interoperability
- Department of Veterans Affairs: moving the VA towards a veteran-focused infrastructure and experience
- USAID: supporting USAID-funded social entrepreneurship within the Global Development Lab
- **State:** supporting a modern design-driven perspective on engaging foreign publics with technological platforms
- Census: data-driven innovation and product portfolio
- **NIH:** All of Us Research Program (formerly "Precision Medicine Initiative")



The Presidential Innovation Fellows Program

BACKGROUND

The Presidential Innovation Fellows (PIF) Program brings the principles, values, and practices of the innovation economy into the government through the most effective change agents we know: our people. This highly competitive program recruits the best private sector do-ers to serve 12-month "tours of duty" inside government as entrepreneurs-in-residence alongside top agency changemakers, accelerating promising ideas into high-impact initiatives at the intersection of people, process, policy, and technology.

Fellows are mid- to senior-career individuals with a proven track record of success as well as a spirit of entrepreneurship and innovation across many industry areas including technology, science, human-centered design, and many others. Fellows focus on some of the nation's biggest and most pressing challenges, such as improving access to education, fueling job creation and the economy, and expanding the public's ability to access their personal health data.

The program was established by the White House in 2012 to attract these top innovators to tackle hard, strategic problems to make a more effective, modern government. In 2013, the PIF program established a dedicated home within GSA. The program is administered as a partnership between the White House Office of Science and Technology Policy (OSTP), the White House Office of Management and Budget (OMB), and the General Services Administration (GSA).

On January 14, 2017, the U.S. Congress passed the <u>TALENT Act</u> (H.R. 39) to codify the PIF program; that Act was signed into law on January 20, 2017.

INDIVIDUAL IMPACT

At its core, the Presidential Innovation Fellows Program is as strong as the incredible people who are willing to join this effort and serve their country. That's why we want the best and brightest individuals—original thinkers, gifted designers, tech-savvy strategists, inventors, entrepreneurs, and talented engineers—to leverage their skills and expertise to create huge value for the American public.

Since launching the program, 113 top innovators have been recruited from across the country to join, including places like: Silicon Valley, New York City, Austin, Washington, D.C., and Boston. Just a few of the Fellows include:

- Mike Brown, Former CEO of Symantec
- o Clay Johnson, Founder of Blue State Digital
- Susannah Raub, Lead Developer for Google Maps
- Adam Riggs, Founder of Shutterstock (NYSE: SSTK)
- Alan Steremberg, Founder of Weather Underground

Although designed to be just a one-year Fellowship, approximately 50% of Fellows who have "completed" their term as Fellows have stayed on in government. These folks have both taken important roles within agencies and help to deliver digital services across government. Among them include:



- o Sarah Brooks, Chief Customer Experience Officer of the Department of Veterans Affairs
- Kyla Fullenwider, Chief Innovation Officer of the U.S. Census Bureau
- Tyrone Grandison, Deputy Chief Data Officer of the Department of Commerce
- o Marina Martin, Chief Technology Officer of the Department of Veterans Affairs
- o Jeff Meisel, Chief Marketing Officer of the U.S. Census Bureau

PROJECT IMPACT

Fellows have partnered with leaders and changemakers at more than 30 Federal agencies, delivering impressive results at startup velocity and driving extraordinary work and innovative solutions in areas such as Open Data and Data Innovation, Disaster Response & Recovery, Platforms, and Crowdsourcing.

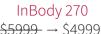
- In partnership with the Vice President's Cancer Moonshot Initiative, the National Cancer Institute, and the National Institutes of Health, a team of Fellows launched <u>trials.cancer.gov</u>, a streamlined, user-friendly site for searching for NCI-supported clinical trials along with a new application programming interface (API) integrated within the site. The combination will make it much easier for researchers to recruit new participants and for patients to find trials.
- Fellows worked with GSA helped to upgrade <u>Data.gov</u>, making it easier for agencies to provide data to the public, while also spurring innovation around new tools and services to make that data more useful. To date, Data.gov contains nearly 200,000 datasets.
- A team of Fellows worked with the White House and departments and agencies to leverage open data to build trust between law enforcement agencies and the communities that they serve through the <u>Police Data Initiative</u>. The initiative brings together police chiefs, municipal chief technology officers, and the private-sector to facilitate the efforts of law enforcement agencies to publish open data about police activities such as officer-involved-shootings, vehicle stops, and citizen complaints. There are currently 131 jurisdictions around the country working to make available new data sets to the public through this initiative.
- Working with the U.S. Small Business Administration (SBA), fellows helped SBA pilot an online platform called **RPF-EZ** in only six months to make it easier for small tech businesses to bid on government contracts. Critical feedback from this pilot showed that greater transparency led to more competitive bids, benefitting both the agencies and the taxpayers they serve.
- The Veterans Employment Center was developed by a team of Fellows working with the Department of Veterans Affairs (VA) in connection with the White House's Joining Forces Initiative and the Department of Labor. This is the first interagency website connecting Veterans, transitioning Servicemembers, and their spouses to meaningful employment opportunities. The portal has resulted in cost savings of over \$27 million to the VA.
- Multiple rounds of Fellows have worked with the Department of Health and Human Services
 (HHS) and the VA to expand the reach of the <u>Blue Button Initiative</u> which provides more than
 150 million Americans with access to their health records online. As a result, patients are able to
 make more informed decisions about their own health care.



United States Digital Service & 18F

Among their greatest accomplishments, Fellows have also sowed the seeds for lasting change across the government, including helping to establish the United States Digital Service (USDS) within the Executive Office of the President and the 18F team within GSA. Working together, the Presidential Innovation Fellowship, USDS, and 18F have attracted technologists from companies like Google, Twitter, Amazon, Facebook, and LinkedIn, who are capable of servicing the wide range of agency needs to better serve citizens and accelerate tech innovation in government.







InBody 370 \$7995 → \$6300



InBody 570



InBody 770 \$18995- → \$16071.74



InBody S10 14995 → \$13995

	InBody 270	InBody 370	InBody 570	InBody / /0	InBody S10
	\$5999- → \$4999	\$7995 → \$6300	\$9995 → \$7455.11	\$18995 → \$16071.74	-\$14995- → \$13995
TECHNICAL					
Frequencies	20, 100 kHz	5, 50, 250 kHz	5, 50, 500 kHz	1, 5, 50, 250, 500, 1000 kHz	1, 5, 50, 250, 500, 1000 kHz
Test Duration	15 seconds	45 seconds	45 seconds	60 seconds	90 seconds (Medical)- 130 seconds (Research)
Weight Range	22–551 lbs	22–551 lbs	22–551 lbs	22–595 lbs	22–551 lbs
Age Range	3–99 years	3–99 years	3–99 years	3–99 years	3–99 years
Height Range	3 ft 1.4 in – 7 ft 2.6 in	3 ft 1.4 in – 7 ft 2.6 in	3 ft 1.4 in – 7 ft 2.6 in	3 ft 1.4 in – 7 ft 2.6 in	3 ft 1.4 in – 7 ft 2.6 in
Database	100,000 entries	100,000 entries	100,000 entries	100,000 entries	100,000 entries
Dimensions	14.0 x 31.3 x 39.1 (L x W x H) : in	18.1 x 26.7 x 40.2 (L x W x H) : in	20.6 x 35.2 x 43.8 (L x W x H) : in	20.7 x 33.6 x 46.3 (L x W x H) : in	8.0 x 2.1 x 12.7 (L x W x H) : in
Weight	30.9 lbs	44.1 lbs	52.9 lbs	83.8 lbs	4.4 lbs
Width Between Foot Electrodes	6.6 in	7.4 in	8.6 in	9.2 in	n/a
Warranty			1 Year Manufacturer's Warranty		
Compatible Printers		F	Please contact InBody for further det	ails	
ACCESSORIES			tease contact inbody for farther dec	ans.	
Results Sheets	•	•	•	•	•
InBody USB Thumb Drive	•	•	•	•	•
Carrying Case					•
Cart					•
Thermal Printer					
Poster	•	•	•	•	•
InBody Tissue	•	•	•	•	•
External Battery					•
OUTPUTS					
Weight					
Dry Lean Mass	•	•	•	•	•
Lean Body Mass	•	•	•	•	•
Skeletal Muscle Mass	•	•	•	•	•
Segmental Lean Analysis	•	•	•	•	
Body Fat Mass	•	•	•	•	•
Segmental Fat Analysis			•	•	
BMI (Body Mass Index)	•	•	•	•	•
PBF (Percent Body Fat)	•	•	•	•	•
Visceral Fat Area				•	
Visceral Fat Level			•	•	•
Total Body Water	•	•	•	•	•
Intracellular Water			•	•	•
Extracellular Water			•	•	•
ECW/TBW Ratio			•	•	•
Segmental Body Water Analysis				•	•
Segmental ECW/TBW Analysis				•	
Segmental ICW Analysis				•	•
Segmental ECW Analysis				•	•
Body Fat-LBM Control	•	•	•	•	·
BMR (Basal Metabolic Rate)	•	•	•	•	•
Leg Lean Mass	•	<u> </u>	<u> </u>	•	<u> </u>
TBW/LBM				•	
Whole Body Phase Angle				•	•
Reactance				•	•
Impedance at Each	•	•	•	•	•
Segment/ Frequency Weight History		•	•	•	
Skeletal Muscle Mass History		•	•	•	•
Percent Body Fat History	<u> </u>		•	•	
ECW/TBW History	•	•	•	<u>•</u>	
			•	•	
Total Body Water History**				• -	• -
Intracellular Water History**				•	•
* Specifications are subject to sh	ango without prior potion			•	•
* Specifications are subject to ch		`h oot			
** Outputs are only available on the InBody 770 Body Water Results Sheet.					



UNCLASSIFIED

In accordance with Public Law 109-13 and the REAL ID Act of 2005, NSA/CSS will only accept ID from the list of non-compliant states below must furnish an approved alternate form of ID. Visitors bearing compliant states/territories or those that have been granted extensions. Visitors possessing ID from an ID from one of the extension states listed below may use that ID as proof of identity for access.

Non-Compliant - ID "NOT" Accepted -

Maine, Minnesota+, Missouri, Montana, Washington State+

(+) Federal officials may continue to accept Enhanced DL's from these states

Extension - ID Accepted until June 6, 2017

Alaska, Kentucky, Oklahoma, Oregon, Pennsylvania, S. Carolina, Virginia

Extension - ID Accepted until October 10, 2017

American Samoa, California, Guam, Idaho, Illinois, Louisiana, Massachusetts, Michigan, N. Marianas, New Hampshire, New Jersey, New York, N. Carolina,

N. Dakota, Puerto Rico, Rhode Island, Texas, Virgin Islands

Government ID, and NSA/CSS Credentials. (Photo copies of any of the above will not be accepted). Approved alternate forms of identification include: Passports, U.S. Passport ID card, U.S. Military ID/Dependent ID cards, U.S. Military and Department of Defense Common Access Cards, U.S.

***Failure to provide valid ID will result in denial of access to NSA/CSS & USCYBERCOMMAND facilities. Please visit "www.DHS.gov" for further information on the REAL ID ACT. Revised 3 February 2017



March 8, 2017

MEMORANDUM FOR NORMAN S. DONG

cc: Anthony Costa, Acting Deputy Administrator

COMMISSIONER. PUBLIC BUILDINGS SERVICE (P)

(b) (6)

FROM:

TIMOTHY OFHORNE

ACTING ADMINISTRATOR (A)

SUBJECT:

Reassignment

This is to advise you that I am reassigning you from the Senior Executive Service (SES) position of Commissioner (ES-0340-00), located in the Public Buildings Service in Washington, D.C., to the SES position of Director, Office of Analytics, Performance and Improvement (ES-0501-00), located in the Office of the Chief Financial Officer, in Washington, D.C. The Director reports to the Chief Financial Officer, and your salary will remain at \$186,735.

Your reassignment will take effect no sooner than 15 calendar days after the date on which you receive this memorandum. Thus, this memorandum provides you with at least 15 days advance notice of reassignment within the commuting area. You may voluntarily waive the 15 day advance notice requirement, in writing, in order to effect your reassignment to this position sooner.

If you have questions, please contact Ms. Shonna James, Director of Executive Resources, on (202) 230-7005 or at shonna.james@gsa.gov.

Acknowledge receipt:

Norman S. Dong

Date

I voluntarily waive the 15-day advance notice requirement:

Norman S. Dong

Date

U.S. General Services Administration 1800 F Street, NW Washington, DC 20405 Telephone: (202) 501-0800

Fax: (202) 219-1243

Registration Form Frank B. Rowlett Award Luncheon and Ceremony - 6 April 2017

<u>Return Instructions</u>: Return one completed form per guest via email (y_protocol@nsa.gov, Attn: Nicole Layton) or verbally via telephone at 410-854-1699.

Full Legal Name (please include ran	k if applicable	e):	
Job Title:			
Phone Number:			
SSN:			
Date of Birth:			
Place of Birth:			
All Citizenships:			
Do you have a blue IC Badge? Agency that issued Badge:	Yes	No	
Will you be driving yourself, carpoo use a driver, we will require the san	_	_	ote that if you
Special Needs (Dietary Restrictions,	, Handicappe	d Parking, etc.):	

PRIVACY ACT STATEMENT

LEGAL Authority: Authority for collecting the information relating to the visitor requests is contained in 50 U.S.C. §402 note, 50 U.S.C. §8 831-835, Executive Order 12968, as amended, and Intelligence Community Directive 704. DoD's Blanket Routine Uses (found at Appendix C of 32 CFR Part 310), as well as the specific uses enumerated in GNSA03 and GNSA10 apply to this information. Authority for collecting your Social Security Number (SSN) is Executive Order 9297, as amended.

PRINCIPAL PURPOSE: The requested information you provide will be used to confirm your identity in order to verify clearances for access to NSA/CSS facilities.

OTHER DISCLOSURE OF YOUR INFORMATION: In addition to using the information you give the Protocol Office for the "principle purpose" given above, your information may be disclosed in certain other situations, as permitted by the Privacy Act. This could include disclosures to a NSA/CSS security, NSA/CSS officials, other NSA/CSS entities, and entities outside of the NSA/CSS, to enable them to process and accommodate your visit request.

DISCLOSURE IS VOLUNTARY: Your disclosure of the requested information is voluntary. However, failure to furnish the requested information will result in the denial of your visit request. I have read and understand the above important information and Privacy Act.



OCT 2 3 2007

RSL-2007- 09

MEMORANDUM FOR ASSISTANT REGIONAL ADMINISTRATORS, PBS

REGIONAL REALTY SERVICES OFFICERS

THRU:

ANTHONY E. COSTÁ

DEPUTY COMMISSIONER - PD

FROM:

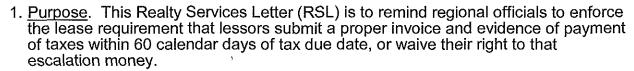
SAMUEL J. MORRIS. III

ACTING ASSISTANT COMMISSIONER FOR O

REAL ESTATE ACQUISITION - PQC

SUBJECT:

Tax Adjustment Clause Enforcement



2.Background.

- a. An internal review of GSA's finances found that the processing of late tax payments had created problems for GSA and the crossing of fiscal years may make it impossible to recover the money from the tenant agencies. In addition, GSA associates are behaving inconsistently, some rigidly following the 60-day rule and others violating it. That creates problems for their lessors who are never sure how GSA will respond to their requests, and causes conflict with a tenant agency that sees one GSA region paying the past due tax escalations and another region enforcing the clause.
- b. On August 26, 1997, PBS issued RSL 97-03, *Tax Payment and Timeliness of Lessor Tax Documentation*. The RSL advised that a GSBCA case held that "GSA was not liable for tax adjustment claims under a GSA real property lease where 1) the lessor failed to submit required tax documentation within the time period required by the lease, and 2) the lease provisions clearly conveyed that the consequences of this failure would be that the Government would not be liable for payment of the tax adjustment."
- c. The RSL stated that "GSA's current standard clause provides language that meets this requirement."
- d. The RSL also stated:

"Based on the foregoing considerations, GSA should stop paying tax adjustment requests that are not submitted in accordance with the time limits specified in the tax adjustment clause, where the lease provisions meet the conditions specified above."

- 3. Effective Date/Expiration Date. This RSL and instructions are effective 30 days after the date of signature and will expire 12 months from the date of issuance unless modified, cancelled, or reissued earlier.
- 4. Cancellation. None.
- 5. Applicability. This RSL applies to all real property leasing activities.
- 6. Instructions/Procedures.
 - a. Except as provided in paragraph c below, regional officials must not make payments to lessors when they submit their tax receipt and invoices more than 60 calendar days after the date the tax payment is due from the lessor to the taxing authority.
 - b. If regional officials can determine that in the past 2 years a "late" payment has been made, then a regional official must notify the lessor by letter that the lease clause will be rigidly enforced for future tax increases.
 - c. If an invoice and/or tax receipts are received more than 60 days after the tax late payment due date, the lessor has been paid after the 60-day period in the past, and the lessor has not been notified of our intention to enforce this provision, regional officials must
 - i. Consult with the Regional Counsel's office,
 - ii. With Counsel's concurrence, submit an exception report to the Rent Bill Management Office to make the late payment and to bill the agency, and
 - iii. The exception request must be accompanied by a letter to the lessor indicating that we will not honor late requests for payment in the future.

SAMPLE LETTER TO EXISTING LESSORS

[Date]					
[Name] [Company] [Address]					
		RE:	Return of tax reim	bursement invo	oice
Dear [Name]:					
Account # located at not receive you option), within t	oice for the inco (address) r (invoice, tax r he 60 days afte puired in the lea	rease in real es _) for the year 2 , leased un receipts, or base er the tax payme	opies of your real tate taxes over yo 20 (current year) nder #GS-XXB-e year tax receipts ent is due from the eby returning the i	ur base year (<u>y</u> for the prope s Choose appro e lessor to the t	rour erty . We did opriate axing

The tax adjustment clause of your lease contract requires the submission of paid tax receipts for each year of the lease, beginning with the base year. It specifically states "The Government shall be responsible for payment of any tax increase over the base year taxes only if the proper invoice and evidence of payment is submitted by the Lessor within sixty calendar days after the tax payment is due from the Lessor to the taxing authority." (confirm exact language in lease) "Proper invoice and evidence of payment" includes current year real estate tax invoice or invoices that must be submitted showing the assessed value, tax rate, property location, discount, etc. Attached to the current year's tax invoice must be the taxing authority's invoice or invoices for the contract base year. Submission of statements identifying amounts, without the proper documentation and taxing identification as listed above, is insufficient.

In addition to submission of a copy of the actual tax invoice, a proof of payment must accompany each request. You are still required, however, to submit all prior years' tax invoices, if you have not already done so, even though you would not be eligible for reimbursement for those years.

The General Services Administration applies this clause strictly and no longer waives any request from the 60-day provision. Please be advised that we will not be taking any reimbursement action on this invoice. In the future, please ensure timely submission of claims for tax reimbursement. If you have any further questions, please feel free to contact me on () - .

Thank you for your cooperation.

Sincerely,

NAME TITLE MAIL DROP ADDRESS CITY STATE ZIP

Enclosure

Original Homepage

View assistance for SAM.gov				
SYSTEM FOR AWARD MANAGEMENT		R NAME PASSWORD LOG IN At Username? Forgot Password? Create an Account		
HOME SEARCH RECORDS DATA	ACCESS GENERAL INFO HELP			
Your CCR username will not work in SAM. You will need a new SAM User Account to register or update your entity records. You will also need to create a SAM User Account if you are a government official and need to create Exclusions or search for FOUO information.	You can register your Entity (business, individual, or government agency) to do business with the Federal Government. If you are interested in registering or updating your Entity, you must first create a user account. Register/Update Entity	SEARCH RECORDS All entity records from CCR/FedReg and ORCA and exclusion records from EPLS, active or expired, were moved to SAM. You can search these records and new ones created in SAM. If you are a government user logged in with your SAM user account, you will automatically have access to FOUO information.		
Create User Account	Use the SAM Status Tracker to: Check Status	Search Records		
WHAT IS SAM?		Need Help?		

The System for Award Management (SAM) is an official website of the U.S. government. SAM consolidated the capabilities of CCR/FedReg, ORCA, and EPLS. There is NO cost to use SAM. Register to do business with the U.S. government for free directly from this site. Find free help with your SAM registration on our HELP tab, including user guides, videos, and FAQs.

NEWS AND ANNOUNCEMENTS

Update: Service Contract Reporting for Fiscal Year 2016 (FY16) began October 11, 2016. Go to SAM > General Info > News > Announcements for a summary of changes for this reporting cycle.

SAM.GOV REGISTRATION IS FREE! There is NO FEE to register or maintain your SAM.gov registration. If you get an email, text, or phone call from a company asking you to contact them right away about your SAM.gov registration, be cautious. If you are asked to pay money to complete or renew your SAM.gov registration, be cautious. These messages are not from the Federal Government. It is FREE TO REGISTER in SAM.gov for any entity. You engage third party vendors at your own risk.

USER GUIDES/HELPFUL HINTS

SAM Help: Find the full SAM User Guide, Quick Start Guides, Helpful Hints, and Webinars on the HELP tab.

SAM entity registration status.

Federal Service Desk: Get additional FREE help with your SAM.gov registration at our Federal Service Desk.

ATTENTION EXTRACT AND WEB SERVICE USERS

SAM Extracts and Web Services: Support for the legacyformatted extracts and web services in SAM ended on October 31st, 2014. Federal systems using SAM data must convert to the SAM-formatted extracts and web services. If you see "You do Use the SAM Status Tracker to check your not have access to this extract" you need to submit a Data Access Request for the appropriate role by logging in with the account that needs the role. Go to "Data Access" then click on either "System Data Access Request" or "Individual Data Access Request" (depending on your user account type) and follow the prompts to submit the request. Visit the openIAE GitHub site for more information about SAM's data, web services, and RESTful API.

SAM | System for Award Management 1.0

Note to all Users: This is a Federal Government computer system. Use of this system constitutes consent to monitoring at all times.

IBM v1.P.53.20161012-1315 WWW7



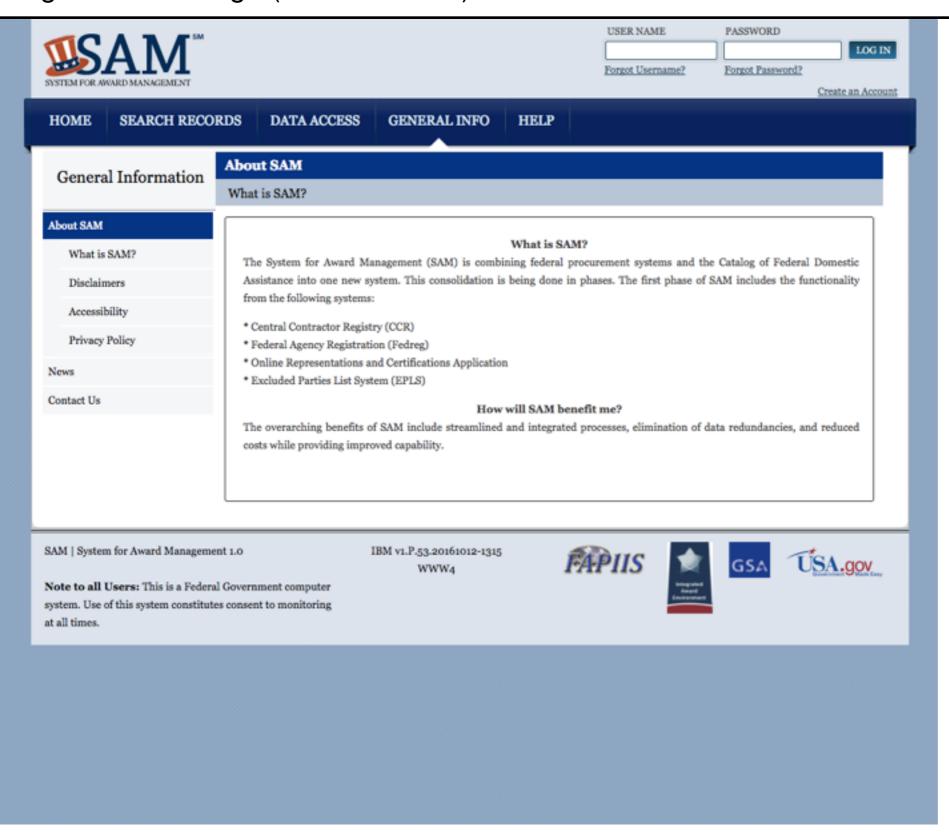




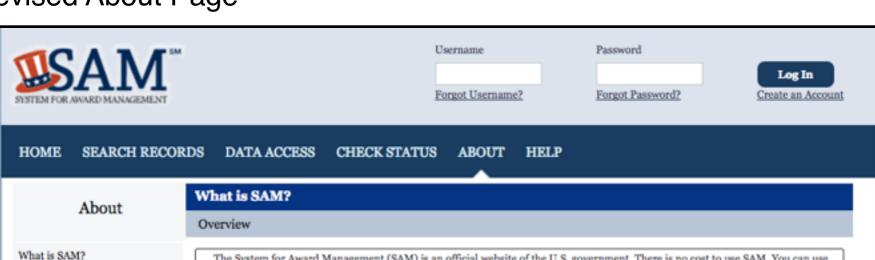
Revised Homepage

View assistance for SAM.gov Username Password Log In Forgot Username? Forgot Password? Create an Account HOME SEARCH RECORDS DATA ACCESS CHECK STATUS ABOUT HELP The System for Award Management (SAM) is an official website of the U.S. government. There is no cost to use SAM. You can use this site for FREE to: · Register to do business with the U.S. government · Update or renew your entity registration · Check status of an entity registration · Search for entity registration and exclusion records **Getting Started** Search Records Create A User Account Register Entity Do a public search for existing entity registration Start by creating a SAM user account. After creating your SAM user account, log in to register to do business with the U.S. government. records or exclusion records. Federal users can log in to see additional information. Search Records Disclaimers FAPIIS.gov Accessibility GSA.gov/IAE **Data Access** Check Status Privacy Policy GSA.gov About USA.gov IBM v1.P.62.20170224-1621 Help

Original About Page ("General Info")



Revised About Page



News

Contact Us

The System for Award Management (SAM) is an official website of the U.S. government. There is no cost to use SAM. You can use this site for FREE to:

- · Register to do business with the U.S. government
- Update or renew your entity registration
- · Check status of an entity registration
- · Search for entity registration and exclusion records
- And much more

Getting Started

You must have an active registration in SAM to do business with the Federal Government. To register in SAM, at a minimum, you will need the following information:

U.S. Registrants:

- 1. Your DUNS Number, Legal Business Name, and Physical Address from your Dun & Bradstreet (D & B) record.
 - If you don't already have one, you can request a DUNS Number for FREE from Dun & Bradstreet (D&B).
- 2. Your Taxpayer Identification Number (TIN) and Taxpayer Name associated with your TIN. Review your tax documents from the IRS (such as a 1099 or W-2 form) to find your Taxpayer Name.
- 3. Your bank's routing number, your bank account number, and your bank account type, i.e. checking or savings, to set up Electronic Funds Transfer (EFT).

International Registrants:

- 1. Your NATO Commercial And Government Entity (NCAGE) Code.
 - If you don't already have one, you can request an NCAGE Code online for FREE.
- 2. Your DUNS Number, Legal Business Name, and Physical Address from your Dun & Bradstreet (D&B) record. Make sure your DUNS information and NCAGE information match.
 - If you don't already have one, you can request a DUNS Number for FREE from Dun & Bradstreet (D&B).



Search Records

Set up and Navigation of Integrity.gov

First Time Users Set Up

- I. How to Log-In to Integrity.gov
 - a. Go to https://integrity.gov
 - b. Click on the "login to Integrity" button
 - c. You will be taken to MAX.gov to create your I.D. and password
 - i. Your I.D. will be your government e-mail address (i.e. john.doe@gsa.gov)
 - ii. To set up your password you will click on change your password
 - 1. Your password must contain 8-20 characters. There must be at least 1 upper case letter, 1 lower case letter, and 1 number. It must be different from your last 6 passwords. It can't contain your e-mail/username or any of these characters =?<>(),"\&
 - iii. You can also link your PIV card with a PIN to your MAX.gov account, which allows you to access Integrity with your PIV card in the future.
 - d. Once you have set up your password return to "login to Integrity" screen and enter in your e-mail/username and password to access Integrity.gov

Navigation of Integrity.gov

- II. Navigating and Accessing Financial and Other Reports in Integrity.gov
 - a. Go to http://integrity.gov
 - b. Log in using your MAX.gov credentials (GSA e-mail address and your password OR use your PIV card)
 - i. Your first time logging in you will need to enter your pertinent information; name, address, phone and e-mail
 - ii. Click on Integrity User Agreement & Rules of Behavior For Federal Employees.
 - iii. Read & Accept Agreement
 - iv. Check box "I have read & accept the terms of the agreement
 - v. Click submit
 - c. On the left side of the screen, you will see the "My Tasks" area. It is divided into three parts:
 - My Current Reports: Displays any assigned, started, or review-in progress reports you have; THIS IS WHERE YOU GO TO COMPLETE ANY OUTSTANDING REPORTS
 - ii. **My Tools**: located in the middle and includes links to the periodic transaction report (278-T), your contact information, and a link to manage any designees you authorize to enter data for you: Go here to start a new 278-T, add or remove designee and update your contact info
 - iii. **My Past Reports**: At the bottom, displays links to any of your previously completed reports, where you can access and print completed reports

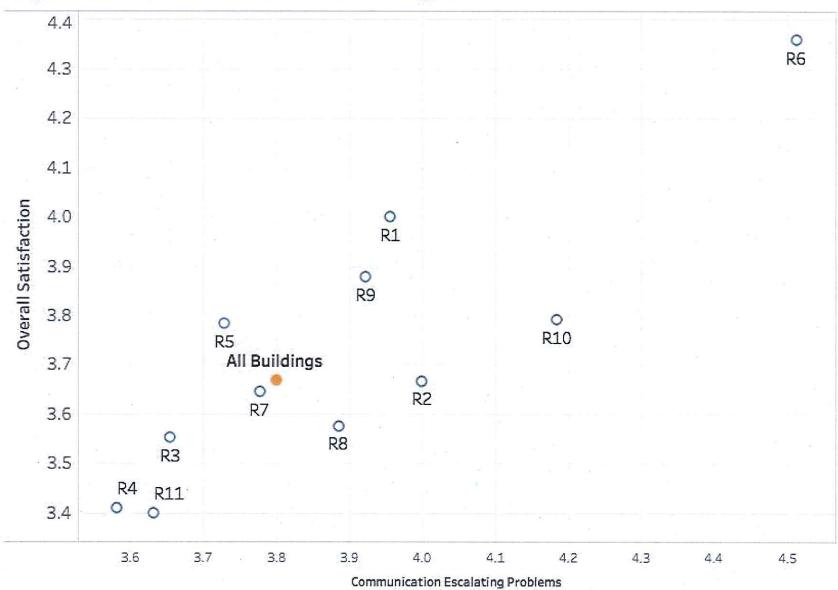
If you have any questions, please contact the Ethics Law Staff at 202-501-0765.



REGIONAL RESULTS

Region 6 buildings scored the highest.

Regional Satisfaction and Ease of Escalating Problems

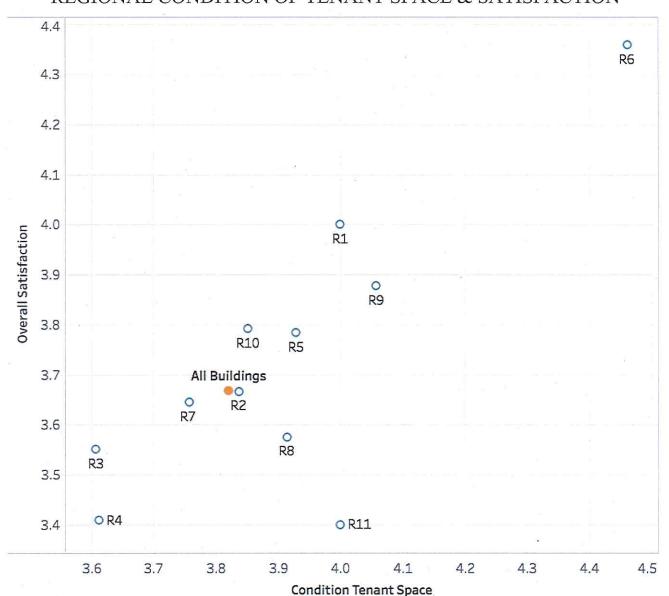




REGIONAL RESULTS

Region 6 buildings scored the highest.

REGIONAL CONDITION OF TENANT SPACE & SATISFACTION



Condition of tenant space is the **largest driver** of the United States Courts tenant satisfaction.

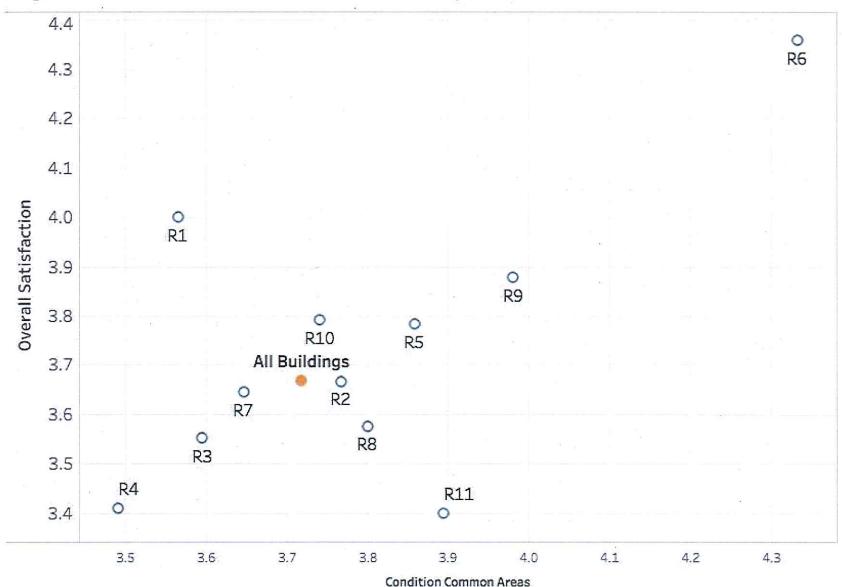
Region 6 performed well above average in satisfaction, largely in part because of their tenant space condition.



REGIONAL RESULTS

Region 6 buildings scored the highest.

Regional Satisfaction and Condition Common Space





March 15, 2017

MEMORANDUM

FROM: Cara LaPointe, Interim Director of the President's Commission on White House Fellowships

TO: White House Fellows and Departmental Contacts

SUBJECT: Travel Authorization for White House Fellows' Official Travel to Norfolk, VA, April 8-10, 2017

The White House Fellows will travel as an official delegation to Norfolk, Virginia from April 8-10, 2017. The purpose of the trip is to engage in an educational program aboard an aircraft carrier to gain a greater understanding of military operations and matters of national security.

The delegation will travel to Norfolk, VA on the evening of April 8 and remain overnight. They will be aboard the aircraft carrier from April 9-10 and return to Washington, D.C. on the evening of April 10.

Travel authorization should be \$0. There will be no cost to your agency or department.

Transportation/ Lodging: The White House Fellows Education Fund will provide meals and lodging for the duration of this trip. Fellows will travel to Norfolk via carpools and designated drivers will receive reimbursement for mileage from the White House Fellows Education Fund. Fellows will incur the costs of any alternative travel arrangements.

Kathy Greene, Administrative Officer, must receive a copy of your <u>travel authorization</u> no later than <u>COB Friday</u>, <u>March 24</u>. Please copy Ashley Keenan, Deputy Director, on correspondence (ashley.e.keenan@who.eop.gov). If you have any questions or concerns, please call or email Kathy at Kathy_y_greene@who.eop.gov or 202-395-7473.

Cara LaPointe Interim Director President's Commission on White House Fellowships



VPN Start Before Logon (SBL)

VPN Start Before Logon (SBL) is a feature available on all GSA Windows workstations. This feature mimics logging on to the GSA network as if you are in the office and can be used to troubleshoot laptop (network credential) logon issues when working remotely. It can also be used to grant you access to network drives when working remotely.

If you are an IT technician and have a Short Name Account (USB token), please disconnect it from your laptop.

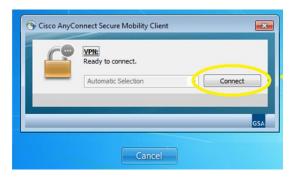
- Press Ctrl+Alt+Delete on your keyboard on the Windows logon screen while your laptop is locked.
- 2. Click the **Switch Use**r button on the screen.



Click the Network Connect button in the lower-right corner of the screen.



 Click the Connect button on the Cisco AnyConnect window.



Note: If you are not connected, wait 1-2 additional minutes and try again. The background settings may still be loading.

- Enter your GSA Access Card PIN in the Cisco AnyConnect window and click OK.
- 6. After successfully connecting to VPN, proceed with your regular log in.



WARNING: Do not click Disconnect at the bottom of the Windows screen.

7. You should now have access to your Desktop and all of your GSA applications.

GSA Office of Congressional and Intergovernmental Affairs (OCIA)

March 13, 2017

TO: Tim Horne, Acting Administrator

Tony Costa, Acting Deputy Administrator Joanna Rosato, Acting Chief of Staff

Brennan Hart Jack St. John Emily Murphy

FROM: Saul Japson, Acting Associate Administrator

SUBJECT: Week-Ahead: Mar. 13 - Mar. 17

<u>Congress – Status for the Week</u>

House in session

Senate in session

Briefings/Hearings/Events

- March 13 Call with Senator Duckworth's (D-IL) staff to discuss her concerns on delivery timeline of her office space. (John Cooke PBS / Andrew Blayock)
- March 16 2018 Budget Blueprint will be released by OMB. Full budget slated for mid-May release.

Legislation - Mark-ups/Floor Action

- March 15 HSGAC Mark-up
 - H.R. 274 Modernizing Government Travel Act require the General Services
 Administration to issue regulations for reimbursing federal employees for using
 Uber Technologies Inc. and Lyft Inc., as well as bike sharing. GSA worked with
 committee staff on this bill last year and they addressed all our concerns.
 - S. 34 Midnight Rules Relief Act amends the Congressional Review Act to allow Congress to consider a joint resolution to disapprove multiple regulations at once.
 - S. 21 Regulations from the Executive in Need of Scrutiny Act require a cost-benefit analysis of any regulation the White House determines would cost the economy \$100 million or more annually, drive up consumer expenses, or significantly hurt jobs.
 - S. 317 Taxpayers Right to Know Act requires an annual report to taxpayers on the cost and performance of government programs and listing on OMB website..
 - S. 188 Eliminating Government-funded Oil-painting (EGO) Act eliminates government funding of official oil paintings of the president the vice president, members of Congress or agency heads.

Notable Correspondence and Reports to Congress

- Due Feb 10 ON HOLD Non-Committee Multi Member House letter on City Pair Program and Fly America Act
- DUE Feb 13 ON HOLD Cummings, Welch, Lynch, Connolly, Norton, Raskin, Lawrence, Clay sent a Feb 8 letter requesting (additional) OPO related information.
- Due (no specific date requested) ON HOLD Email from Rep. Cummings House Oversight Committee staff requesting information on the hiring freeze.
- Due Mar 22 House Oversight and Government Reform Committee Chairman Chaffetz and Ranking Member Cummings request GSA provide information on the agency's compliance with the Federal Records Act.

Looking Ahead

- March 20 Senate HSGAC Ranking Member McCaskill sent a Feb 15 letter requesting GSA provide a detailee to her committee staff by March 20. GSA responded on Feb 21 that we would provide a detail. OGP, TTS and FAS provided applicants to OCIA. No further action has been taken since the applicants submitted resumes to OCIA.
- TBD Senate EPW majority requested an in person briefing (asap) with GSA's Public Buildings Service Deputy Commissioner, Michael Gelber regarding the details of the Old Post Office Lease compliance investigation (requested 3/9/17)
- TBD House T&I majority/minority staff requested a briefing on two State Department lease prospectuses
- TBD House T&I majority staff requested a briefing on Rutland, VT Courthouse lease prospectus.
- TBD Senate EPW majority / minority staff requested a Lease Prospectus Overview.
 Christen Hazen (PBS Portfolio) and Kendra Turner (PBS Leasing) will provide the review of GSA prospectus process and pending FY 17 prospectuses.
- TBD Senate HSGAC requested a briefing for majority and minority House and Senate Homeland Security Committee staff from GSA and DHS for the day following the release of the report on the status of the St. Elizabeths project. The report is still pending clearance at OMB. It was due Nov 2016.
- TBD Senate approps briefing request CBP and GSA on Highgate springs LPOE.
- TBD Rep. Hurd's visit to 1800F to learn more about TTS. No date or program yet.

Highlights from Last Week

Briefings

- March 7 (District) Meeting with Rep. Velasquez's office regarding Howard Street garage to discuss GSA's current and future use of the site.
- March 8 Conference Call with House T&I Majority and Minority: GAO Report Recommendations on High Security Leases from Foreign Owners.
- March 9 Conference Call Administrative Office of the Courts and GSA with Congressman Dunn's (FL-02) staff regarding Panama City Courthouse Lease expiring

- December 2018. GSA has not received requirements from the Courts for future presence in the Panama City Courthouse. Courts likely leaving Panama city.
- March 10 Conference Call at the request of Senate EPW (Majority); seeking an
 overview of the current status of determinations and details regarding the typical
 timelines associated with compliance determinations. (Michael Gelber / Brett Banks PBS) Richard Russell, Staff Director, EPW Majority, was primarily focused on the
 timeline for a determination and the Congressional notification process once a
 determination is made. He requested that the committee receive an advanced notice of
 the final determination so Members are not blindsided.
- March 10 OCIA notified GSA and FBI's Authorizing and Appropriations committees, MD, VA and DC Congressional offices and representatives from the State of Maryland and Commonwealth of Virginia that the FBI consolidated HQ project could not move forward without appropriations. Additionally, NCR notified the offerors and officials from Prince William and Prince Georges counties.

<u>Legislation</u>

 March 7 - H.R.1174 - Fairness For Breastfeeding Mothers Act of 2017. Requires that certain public buildings provide a lactation room, other than a bathroom, that is hygienic and is available for use by members of the public to express milk. Passed the House.

Correspondence/Reports to Congress

- Response transmitted March 7 HOGR Chairman Chaffetz sent Feb 16 letter requesting GSA provide updates on efforts to implement GAO recommendations pertaining capital-planning best practices.
- Enrollment Letter sent March 8 OMB requested an enrolled bill letter from DoD, GSA and NASA on H.J.Res 37, which would disapprove FAR 58562 (Fair Pay and Safe Workspaces). GSA recommend that the President sign the joint resolution.
- Response transmitted March 9 HOGR Chairman Chaffetz sent a Feb 9 letter requesting the GSA plans to address clause 37.19 of the OPO agreement and provide additional outlease process information.

GSA Office of Congressional and Intergovernmental Affairs (OCIA)

March 20, 2017

TO: Tim Horne, Acting Administrator

Tony Costa, Acting Deputy Administrator

Jack St. John Joanna Rosato Emily Murphy Brennan Hart

FROM: Saul Japson, Acting Associate Administrator

SUBJECT: Week-Ahead: Mar. 20 - Mar. 24

Congress – Status for the Week

House in session

Senate in session

Briefings/Hearings/Events

- March 21 House T&I majority/minority staff briefing on two State Department lease prospectuses.
- March 22 Kevin Youel-Page will speak at DoD's 809 Panel regarding GSA's perspectives on DOD's access to commercial markets and commercial buying practices.

Legislation - Mark-ups/Floor Action

- March 22 Senate EPW has tentatively scheduled a markup to consider and authorize
 22 PBS project prospectuses that are pending committee approval.
- Legislative Proposals (GSA Internal) Package of legislative proposals to improve acquisition efficiency for review by A-suite.

Notable Correspondence and Reports to Congress

- Due Feb 10 Non-Committee Multi Member House letter on City Pair Program and Fly America Act. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review.
- DUE Feb 13 Cummings, Welch, Lynch, Connolly, Norton, Raskin, Lawrence, Clay sent a Feb 8 letter requesting (additional) OPO related information. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review.
- Due (no specific date requested) Email from Rep. Cummings House Oversight
 Committee staff requesting information on the hiring freeze. OCIA has been given
 direction on proceeding to close out this inquiry and expects the draft response to be
 sent to A-Suite this week for review.

- Due Mar 22 House Oversight and Government Reform Committee Chairman Chaffetz and Ranking Member Cummings request GSA provide information on the agency's compliance with the Federal Records Act. The draft will be coming to A-Suite Monday.
- Due Mar 30 Senate HSGAC Ranking Member McCaskill in a written letter requests a briefing on ethics training provided to the Transition. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review.
- Due April 3 House Oversight and Senate HSGAC joint letter regarding GSA IT
 Modernization initiatives, costs savings/avoidance, and IT workforce (Legacy IT). This is
 a follow up to a similar letter from last year.

Looking Ahead

- TBD House T&I majority staff requested a briefing on Rutland, VT Courthouse lease prospectus.
- TBD Senate EPW majority / minority staff requested a Lease Prospectus Overview.
 Christen Hazen (PBS Portfolio) and Kendra Turner (PBS Leasing) will provide the review of GSA prospectus process and pending FY 17 prospectuses.
- TBD Senate HSGAC requested a briefing for majority and minority House and Senate Homeland Security Committee staff from GSA and DHS after the release of the report on the status of the St. Elizabeths project. The report is still pending clearance at OMB. It was due Nov 2016.
- TBD Sen. Leahy briefing request for CBP and GSA to provide an update on Vermont LPOE Highgate Springs.
- TBD Rep. Hurd's visit to 1800F to learn more about TTS. No date or program yet.

Highlights from Last Week

Briefings

- March 13 Acting RA Cooke spoke with staff from Senator Duckworth's office about potential office space for the Senator's Chicago office. The call was following a tour of potential space that Mr. Cooke provided to the Senator's staff.
- March 16 2018 Budget Blueprint released by OMB. Full budget slated for mid-May release.

Legislation

- March 15 HSGAC Mark-up
 - H.R. 274 Modernizing Government Travel Act require the General Services
 Administration to issue regulations for reimbursing federal employees for using
 Uber Technologies Inc. and Lyft Inc., as well as bike sharing. GSA worked with
 committee staff on this bill last year and they addressed all our concerns.

- S. 34 Midnight Rules Relief Act amends the Congressional Review Act to allow Congress to consider a joint resolution to disapprove multiple regulations at once.
- S. 21 Regulations from the Executive in Need of Scrutiny Act require a cost-benefit analysis of any regulation the White House determines would cost the economy \$100 million or more annually, drive up consumer expenses, or significantly hurt jobs.
- S. 317 Taxpayers Right to Know Act requires an annual report to taxpayers on the cost and performance of government programs and listing on OMB website..
- S. 188 Eliminating Government-funded Oil-painting (EGO) Act eliminates government funding of official oil paintings of the president the vice president, members of Congress or agency heads.
- H.R. 194 clarifies that the Presidential and Federal Records Act Amendments of 2014 requires GSA to provide guidance and assistance to Federal agencies for effective mail processing.

Correspondence/Reports to Congress

 On Mar 15 OCIA emailed Senator McCaskill's HSGAC staff informing them that GSA would not be able to provide a detailee due to the current hiring freeze.

GSA Office of Congressional and Intergovernmental Affairs (OCIA)

March 27, 2017

TO: Tim Horne, Acting Administrator

Tony Costa, Acting Deputy Administrator

Jack St. John Joanna Rosato Emily Murphy Brennan Hart

FROM: Saul Japson, Acting Associate Administrator

SUBJECT: Week-Ahead: Mar. 27 - Mar. 31

Congress – Status for the Week

House in session

Senate in session

Briefings/Hearings/Events

- March 28 House T&I majority staff requested a briefing on Rutland, VT Courthouse lease prospectus.
- March 31 EPW majority/minority staff briefing on OPO lease decision.
- March 31 T&I majority/minority staff briefing on OPO lease decision.
- (TBD) Senate Approps staff briefing request for CBP and GSA to provide an update on Vermont LPOE Highgate Springs.
- (TBD) The Senate Sergeant at Arms is requesting a call to discuss why security closets are not included in standard TI. The Senate is pushing for these security closets to be included as standard TI which would have GSA covering the cost.

Legislation - Mark-ups/Floor Action

• Legislative Proposals (GSA Internal) - Package of legislative proposals on to improve acquisition efficiency.

Notable Correspondence and Reports to Congress

- DUE Feb 13 Cummings, Welch, Lynch, Connolly, Norton, Raskin, Lawrence, Clay sent a Feb 8 letter requesting (additional) OPO related information. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review.
- Due (no specific date requested) Email from Rep. Cummings House Oversight
 Committee staff requesting information on the hiring freeze. OCIA has been given
 direction on proceeding to close out this inquiry and expects the draft response to be
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- Due Mar 30 Senate HSGAC Ranking Member McCaskill in a written letter requests a briefing on ethics training provided to the Transition. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review.
- Due April 3 House Oversight and Senate HSGAC joint letter regarding GSA IT
 Modernization initiatives, costs savings/avoidance, and IT workforce (Legacy IT). This is
 a follow up to a similar letter from last year. The OCIO cleared draft is with OCIA for
 review. Once OCIA clears it will go to OGC then A-Suite.

Looking Ahead

- TBD Senate EPW majority / minority staff requested a Lease Prospectus Overview.
 Christen Hazen (PBS Portfolio) and Kendra Turner (PBS Leasing) will provide the review of GSA prospectus process and pending FY 17 prospectuses.
- TBD Senate HSGAC requested a briefing for majority and minority House and Senate Homeland Security Committee staff from GSA and DHS after the release of the report on the status of the St. Elizabeths project. The report is still pending clearance at OMB. It was due Nov 2016.
- TBD Rep. Hurd's visit to 1800F to learn more about TTS.
- TBD Kevin Youel-Page will speak at DoD's 809 Panel regarding GSA's perspectives on DOD's access to commercial markets and commercial buying practices.
- TBD HASC/OGR Acquisition subcommittee hearings
- TBD Senate EPW markup to consider and authorize 22 PBS project prospectuses that are pending committee approval. NOTE this was originally scheduled for March 22, but was cancelled as minority objects to holding the markup until GSA provides requested information on the OPO lease.
- TBD House Armed Services Committee staff briefing on Contract Writing System and Data Analytics Services.

Highlights from Last Week

Briefings/Events

- March 21 House T&I majority/minority staff briefing on two State Department lease prospectuses
- March 23 Notified Congressional staff of OPO lease decision. (EPW, HSGAC, T&I, OGR).

Correspondence/Reports to Congress

- Sent Mar 22 House Oversight and Government Reform Committee Chairman Chaffetz and Ranking Member Cummings requested GSA provide information on the agency's compliance with the Federal Records Act. A-Suite cleared in Cl 3/22/17.
- Closed Out March 24 Non-Committee Multi Member House letter on City Pair Program and Fly America Act. OCIA has been given direction on proceeding to close out this inquiry and expects the draft response to be sent to A-Suite this week for review. Closed

out inquiry without a response as it was sent to the previous Administrator in late December. No follow-up from the Hill.